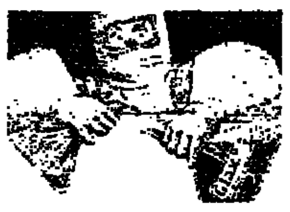
صورة من الأصل

FINANCIAL TIMES

Gorbachev's legacy
Ten years on, the arguing continues
Page 17



Management
Glaxo Wellcome: striving to be friendly
Page 11

The FT Guide
Why monetary co-operation is hard
Page 10

Media futures
A slow stroll to the virtual mall
Page 13

World Business Newspaper — MONDAY APRIL 24 1995

Death toll at Hutu refugee camp is 5,000, says UN

At least five thousand Hutu refugees died at Kibeho camp in south-western Rwanda, UN officials said. Violence erupted at the camp on Saturday during a clearance operation by the Tutsi-dominated Rwandan army. Rwandan president Pasteur Bizimungu claimed only 300 people were killed. The carnage ends an uneasy nine-month period in which Hutus who fled last summer's advance by the Rwanda Patriotic Front have camped in the country, too terrified of retribution for last year's genocide to return to their villages. Page 18; Killing casts doubt on refugee return, Page 6

Second suspect held over Oklahoma blast: A second suspect in the Oklahoma bombing was arrested yesterday in California, said the US Justice Department, which added that army deserter David Iniquez was not the suspect pictured in an FBI sketch circulated worldwide. At least 81 people died in last Wednesday's bombing of a federal government building. Terrorists in target, Page 5

Salomon in turmoil: Five defectors from the corporate finance department of troubled US investment bank Salomon Brothers joined Union Bank of Switzerland's New York office. Some two dozen senior Salomon staff have quit since it introduced a radical pay scheme last October. Page 19

Japan cult official murdered: A Japanese ultra-nationalist stabbed to death Hideo Murai, a top official of the Aum Shinri Kyo doomsday cult linked with the Tokyo poison gas attack. The attack, in front of reporters and cameramen, came as police continued to gather evidence linking key members of the sect to the subway gassing. Earlier report, Page 6

Close race in Italian polls: Italy's centre-right was set to win in six regions and the centre-left in five after yesterday's elections, but the result in another four regions was too close to call, an exit poll for public TV said. Earlier report, Page 18

Dowty faces US lawsuit: British aircraft component maker Dowty Aerospace, a TI Group subsidiary, is expected to be accused of defrauding the US Air Force of more than $20m. If found guilty, Dowty could face damages exceeding $60m. Page 9

US campaigns over German contracts: The US is to step up its campaign against alleged unfair competition in Germany's power generation market, which it believes is biased against foreign suppliers. Page 5

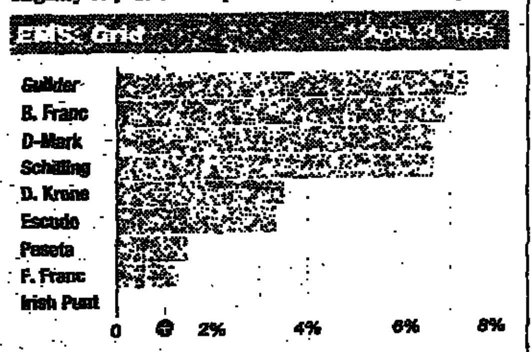
Pakistan groups plan strike: Islamic groups in Pakistan called for a national general strike on May 27 against plans to change a controversial blasphemy law. Prime minister Benazir Bhutto vowed to try to persuade parliament to amend the law after two Christians were sentenced to death for blasphemy against Islam.

Buthelezi attacks Mandela: Zulu chief Mangosuthu Buthelezi urged his supporters to "rise and resist" president Nelson Mandela's African National Congress, which he described as the enemy of Zulu sovereignty and tradition. S African voters stay away, Page 6

Austrian minister to quit: Austrian foreign minister Alois Mock said he would step down in the next two weeks, bowing to months of pressure from colleagues and voters.

European Monetary System: In a week of debate about the likely policies of France's next president, the French franc fell behind the Spanish peseta on the EMS grid. But the gap narrowed between the peseta, the franc and the Irish punt – now the weakest currency. The difference between the strongest and weakest currency widened slightly to just over 7 per cent. Currencies, Page 29

EMS Grid — April 21, 1995



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

Tamils arrested: Sri Lankan police rounded up about 1,000 Tamils in the capital, Colombo, after Tamil separatists stepped up attacks on government troops. On Wednesday the Tamils broke a 14-week truce by attacking two naval vessels.

Uganda-Sudan row worsens: Ugandan troops sealed off the residence of Sudan's military attaché in Kampala after he refused to hand over a cache of weapons, officials said. Hayder El-Hadi Omer was among 14 Sudanese diplomats ordered to leave the country last week.

Republicans plan protests: Sinn Féin, political wing of the anti-British Irish Republican Army, said it would launch peaceful street demonstrations to protest against London's refusal to treat it the same as other democratic parties in Northern Ireland.

Record merchant fleet: The world's merchant shipping fleet expanded to a record 80,676 vessels in 1994, London-based Lloyd's Register of Shipping said. Gross tonnage was up by 18m to 476m.

Jospin takes lead in first round of French election

By David Buchan, John Ridding and Andrew Jack in Paris

Mr Lionel Jospin, the Socialist candidate, last night emerged as the surprise leader in the first round of France's presidential election, pushing Mr Jacques Chirac, Gaullist mayor of Paris, into second place.

The projected result still leaves intact the prospect of Mr Chirac winning the decisive May 7 run-off election, but demonstrates the damage to the right of the bitter civil war between Mr Chirac and Mr Edouard Balladur, the prime minister.

Mr Balladur conceded defeat last night. He said that he would vote for Mr Chirac in the second round, and urged his supporters to do the same.

Mr Chirac appealed to the French to forget partisan divisions and unite behind him in the second-round election.

Initial results from three political institutes last night gave Mr Jospin 23 per cent, clearly ahead of Mr Chirac with 20 per cent. Mr Balladur lagged his Gaullist rival by more than 1 percentage point. Only the top two candidates go through to the second round.

The results are the latest and most surprising twist in a volatile campaign, which has seen the lead change between all three major candidates in the past two months. When the Socialists selected Mr Jospin as their candidate in early February, some observers gave him little chance of making to the second round.

Last night's projections leave the traditional left-right divide as the main battle line in French politics. They also show Mr Jospin's ability to overcome disillusionment with the Socialist party after 14 years of Mr François Mitterrand's Socialist presidency.

However, if Mr Balladur's supporters now swing behind Mr Chirac, the latter should secure his longstanding ambition to win the Elysée after two previous failures in 1981 and 1988.

The first round, traditionally an opportunity for protest votes, saw strong performances by the far right and left. Mr Jean-Marie Le Pen, leader of the extreme right National Front, achieved his highest ever score in a presidential election, gaining more than 15 per cent.

Almost counterbalancing this on the left, Mr Robert Hue, the Communist candidate, scored more than 9 per cent, while Ms Arlette Laguiller, head of the Trotskyist Workers Struggle party, secured 5 per cent – in three previous elections she scored less than 2 per cent.

The strong showing of these candidates reflects a drift of voters from mainstream parties. Supporters of these candidates will be wooed by Mr Jospin and Mr Chirac in the second round.

Faced with a disappointing result, Mr Chirac, the pre-poll favourite, is now likely to refocus his campaign over the next fortnight on his traditional rightwing support base.

He had sought to broaden his appeal beyond the Gaullist party by promising more radical social reform and job creation efforts than achieved by Mr Balladur's government over the past two years. But Mr Jospin's surprisingly good performance has shown the limited effect of this strategy, with many on the left returning to the Socialist party.

In spite of sharp disappointment among Balladur supporters, last night's result was greeted with relief by French conservatives who had feared intensification of the Gaullist civil war if Mr Balladur had contested the second round against Mr Chirac. This rivalry has already split the RPR Gaullist party and its centre-right UDF partner.

Poll results, Page 3

Uncertainty hits markets

Within an hour of the release of the first poll projections, French bond and stock futures traded on the Globex electronic dealing system slid lower.

"If there is one thing the markets don't like it's uncertainty and surprises – and this was quite a surprise," said Mr Dominique Barbet, bond strategist at Paribas in Paris.

Matif's June Notionnel bond futures contract fell by 0.52 point from Friday's close to 112.44; the April futures contract on the CAC-40 leading stock index dropped initially to a low of 1,920 but soon rebounded to 1,937, down six points from Friday's settlement.

The French franc immediately fell to about FFr3.585 to the D-Mark, reflecting concern about the increased uncertainty surrounding the election contest and the defeat of Mr Balladur, the most committed of the main candidates to anti-inflationary policies and European monetary union.

Socialist Lionel Jospin (left) led the first round of the French presidential election last night, with Paris mayor Jacques Chirac (top) in second place. Prime minister Edouard Balladur was third — Pictures: Reuter/AP

IMF urges US rate rise to bolster dollar

By Robert Chote in Washington

The International Monetary Fund yesterday called on the US to bolster its feeble currency by raising interest rates again and making greater efforts to cut government borrowing.

In its latest *World Economic Outlook*, the IMF warned that the fall of the dollar and other currencies against the yen and D-Mark threatened to push up inflation in the US, weaken growth in Europe and jeopardise recovery in Japan.

The IMF said turmoil in the foreign exchange markets and the knock-on effects of the Mexican financial crisis had cast a shadow over an otherwise encouraging picture for the global economy. It forecast that world output would grow by 3.8 per cent this year, compared with 3.7 per cent last year. The IMF said that recent rate cuts in Germany and Japan would help address these problems, but that "it would be appropriate for the Federal Reserve to reinforce the actions by the Bundesbank and Bank of Japan by raising short-term interest rates in the US".

Mr Michael Mussa, the IMF's chief economist, said a US rate rise should have been co-ordinated to coincide with the German and Japanese moves. A rise in US rates now would be most effective if combined with measures to address longer-term factors depressing the dollar. This would mean cutting government borrowing to boost savings and to reduce the US current account deficit, Mr Mussa said.

Events in the currency markets will be high on the agenda when finance ministers from the Group of Seven leading industrial countries meet in Washington tomorrow, ahead of the spring meetings of the IMF and World Bank. The dollar rallied late last week as dealers took precautions against the unlikely event that the meeting agrees a credible initiative to boost the US currency.

Growth forecasts for all leading

Continued on Page 18
Cautious optimism on world's economy Page 4

Ameritech tops bid for Czech telecoms

By Nicholas Denton in London

A bid of $1.05bn from Ameritech of the US and Deutsche Telekom of Germany has topped the first round of competition for 27 per cent of SPT Telecom, the Czech Republic's telephone operator.

A privatisation at this price or higher will be the largest single sale in eastern Europe, surpassing the disposal in 1993 for $875m of 30 per cent of Hungarian telephone company Matav.

Bidders' proposals are confidential, but it is understood that the US-German partnership, which is advised by Morgan Stanley, the US investment bank, emerged at the head of five contenders. It is thought to have been followed by Stet International of Italy, though details of its bid were not available, and then by Teledanmark of Denmark, which put in an "indicative" initial bid of about $900m.

The most conservative offers came from two consortia. Bell Atlantic, like Ameritech a regional Bell operating company in the US, and France Telecom, its partner, offered $850m. A group led by Koninklijke PTT Nederland (KPN) of Holland trailed on $750m.

The field is crowded because western telecoms companies have few opportunities for foreign acquisitions. Most telecoms privatisations have taken the form of equity offerings and of European countries, only Hungary, the Czech Republic and Belgium have opted for a sale to investors from the industry.

The US-German bid sets a benchmark for a second round of bidding scheduled for late May when contenders are to present their revised and final offers. Executives from the lower-bidding groups said, however, the ranking was likely to change

Continued on Page 18

Kozyrev warns of need to prevent east-west friction

By Hilary Barnes in Copenhagen

An impassioned plea for political and military co-operation between east and west to avoid "a nightmare of renewed confrontation" was made yesterday by Mr Andrei Kozyrev, Russia's foreign minister.

"The stones are already falling on my head," he said, referring to the rise of Russian nationalism, which he blamed on public disappointment with the results of partnership with the west.

But Mr Kozyrev, attending the Trilateral Commission in Copenhagen, was himself compelled to defuse a confrontation with Mr Lennart Meri, the Estonian president, who intercepted the Russian foreign minister at the door of the conference and asked him why he had threatened the Baltic country.

Earlier this month, Mr Kozyrev provoked alarm among some of the former Soviet states by suggesting Russia might use force to protect its compatriots abroad in exceptional circumstances.

A clearly indignant Mr Kozyrev departed from his prepared speech, given to the audience of North American, European and Japanese politicians, diplomats and business people, to reassure Mr Meri. "Did I threaten the use of force against Estonia? No! Did I mention Estonia in this context? No!" he said.

"Every country has the right to use force to protect the lives of its citizens," Mr Kozyrev said. But he stressed this applied only in "very special situations", drawing a parallel with actions by western states to protect their citizens in former colonies in Africa.

Mr Kozyrev said such actions were quite different from the use of force "to further imperial designs", which was not acceptable "against Estonia or any other country".

The Russian foreign minister described Mr Meri's reaction as a reflection of a "climate of suspicion" which plagued relations between European states in the post-Communist era. And he reiterated Russia's objections to speedy enlargement of the Nato alliance through membership of central European states.

Mr Kozyrev said Nato's shift of emphasis from Partnership for Peace – a programme of military co-operation offered to all Nato's former adversaries – to enlargement was like a man walking in

Continued on Page 18

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft165	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pes50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00

CONTENTS

LONDON · PARIS · FRANKFURT · STOCKHOLM · NEW YORK · TOKYO

NEWS: EUROPE

Sweden reshuffles its financial cards

When Mr Göran Persson, Sweden's finance minister, presents the country's supplementary budget tomorrow, it will be his fourth attempt since September to tackle the country's yawning budget deficit and rising state debt.

As with previous efforts, he will be seeking to appease two very different constituencies: the financial markets, which want tough measures to prune the country's lavish cradle-to-grave welfare system; and his own supporters, who say the cuts have already gone far enough. The danger is that he will satisfy neither.

It may seem strange that Mr Persson should be under pressure to do more when he has already outlined SKr100bn ($13.6bn) worth of spending cuts and tax rises since the Social Democrats returned to power last September. But his plight reflects the size of Sweden's budget deficit, which at SKr160bn is equal to 11 per cent of gross national product, and the fact that its debt, at nearly 90 per cent of GNP, is climbing fast.

His previous efforts – first last November, then in the main January budget, and then in a hastily assembled package three weeks ago – have been attacked for relying too heavily on tax rises and leaving too little margin for error.

Market displeasure is shown in the 10 per cent drop in the value of the krona against the D-Mark this year, and the surge in bond yields, which has brought real interest rates of 8 per cent.

This partly reflects the recent flight by risk-averse *international investors* from all highly indebted countries. But there is also a perception that Sweden's minority Social Democratic government, with its ingrained ideological commitment to the welfare system it created, has not understood the need for deep change to restore the country's economic prosperity.

Tomorrow's supplementary budget will be the finance minister's fourth package in the past eight months, writes Christopher Brown-Humes in Stockholm

Pressure is not just coming from the markets, but from the main conservative opposition Moderate party, the central bank, and many of the country's big companies, which see their own image being tarnished by Sweden's difficulties.

All these groups say deeper spending cuts are needed to create the virtuous cycle which will strengthen the krona, ease inflation, reduce long-term interest rates and boost investment.

But the cuts already announced have provoked huge dismay within Social Democrat ranks. Party members and the trade unions are infuriated, and there has been a sharp drop in voter support. Next week's traditional May Day display of solidarity between the Social Democrats and the unions promises to be a sour affair indeed.

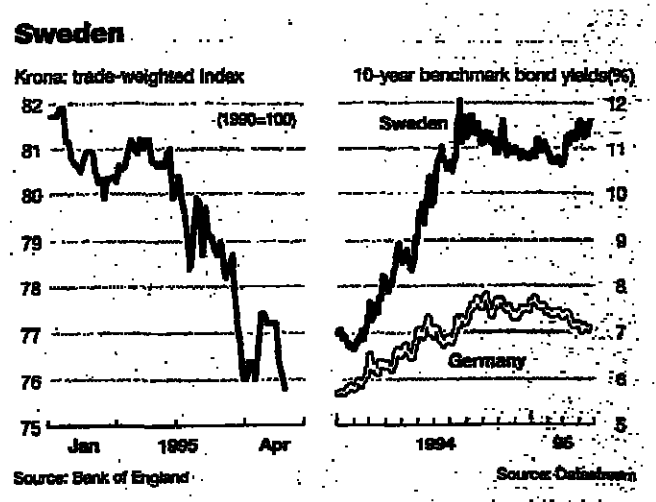
The government argues that the budget deficit is falling more quickly than expected, as tax revenues surge from the super-competitive export sector and unemployment eases downwards in the gradual economic upturn. It believes state debt will stabilise below 100 per cent of GNP next year, two *years earlier than it originally* forecast.

But it is also counting on economic growth of more than 2 per cent this year, whereas some market forecasts say growth may be as little as 1.5 per cent, not least because consumer confidence has been badly dented by tax rises and unemployment worries.

It is for this reason that the markets want a safety margin so that the country's finances do not start to deteriorate rapidly again as soon as it enters its next economic downturn. Sweden's budget is unusually sensitive to economic decline because of its huge welfare system, and has fallen from a surplus of 3 per cent of GNP in 1990 to a deficit of 13 per cent three years later.

"It is not just a matter of stabilising state debt, it has to come down," says Mr Klas Eklund, chief economist at Skandinaviska Enskilda Banken.

The worry is that Sweden will end up inflating its way *out of* trouble, as it has done in the past, which is why 10-year



bond yields at 11.5 per cent are more than 400 basis points above their German equivalents. With a weak Swedish currency, high capacity utilisation, annual producer price rises of 10 per cent, and a difficult wage round in prospect, it is clear that inflationary pres*sures are building.*

The government's credibility has not been helped by wrong signals and disappointments in the past. Three weeks ago, Mr Persson suggested on television that he was considering further savings of between SKr10bn and SKr50bn; three days later he produced a fiscal package whose centrepiece – a *cut in VAT on food – will actually* reduce government income.

There is also concern about the government's weakness. What the market would like is for the Social Democrats to form a strong coalition government with either the Moderates or the Liberal party, rather than continuing its current informal pact with the Centre party.

"The only thing that can turn this situation round is for politicians to positively surprise the markets. So far we have had too little, too late," says Mr Eklund.

Mr Sven-Arne Svensson, chief economist at United Securities, is more forthright: "There are investors who regard Sweden as an unemployed, debt-ridden alcoholic who keeps asking his bank to pay for his booze. Things have to change."

It is not just a short-term matter of getting the country's finances in order. Many economists believe Sweden needs lower taxes and a leaner public sector if it is to stop its inexorable slide down the international growth league. The public sector accounts for 70 per cent of GNP; more than 60 per cent of the population depend directly on the state for their income; and private sector growth is constrained by high *taxes, rigid labour markets and* poor incentives.

It seems unlikely that tomorrow's budget will address these problems. If the leaks are accurate, the government will announce few, if any, net new savings, and certainly much less than the SKr20bn-SKr30bn that some are seeking.

This means attention will switch to June, when Sweden unveils its programme for meeting the convergence criteria for European economic and monetary union, for evidence of tougher measures. But the delay will be seen as one more lost opportunity in the fight to clean up Sweden's finances and restore it to a path of sustainable long-term economic growth.

Norway seeks foreign cash for rocky industry

By Andrew Taylor in London

The Norwegian government is seeking foreign investment to increase exports of large chunks of Norway's beautiful rocky coastline to construction-hungry European countries.

Norway says that rising environmental standards on dust and noise pollution will make it more difficult for densely populated northern European countries to quarry sufficient stone to satisfy domestic needs.

The sparsely populated coast, with relatively high unemployment, deep harbours and a long history of mineral extraction, faces less environmental and political pressures, says Ms Anne Breiby, Norway's industry and energy minister.

Foreign companies which are accustomed to bitter opposition in their own countries, have been surprised at the support they have received from local people and regional *authorities concerned to increase employment* opportunities in their area.

"We have a beautiful country and we demand that companies treat the environment sensitively. But, we are prepared to countenance investment which some other European countries might find more difficult," says Ms Breiby. The industry and energy department, through its industrial and regional development fund, is prepared to provide soft loans and partial equity stakes to encourage foreign investment.

It is needed, says Ms Breiby, because most Norwegian quarry operators are too small, have insufficient capital, and also lack the experience of developing overseas markets possessed by large international businesses.

Exports of crushed rockstone totalled 5.5m tonnes last year, 58 per cent higher than in 1990. The biggest demand came from Germany where exports have risen by two-thirds to 3.5m tonnes, though this still represents less than 1 per cent of domestic production.

The Invest in Norway agency, formed in 1994 to encourage greater foreign investment in the country, estimates that exports of crushed rock could rise to 20m-30m tonnes over the next 15 years as other European nations move to curtail quarrying activities.

The agency is promoting a conference in London on April 26-27 at which Ms Breiby will be seeking to encourage British quarry operators and investors to invest in this expanding trade.

Amec, the large UK construction and engineering group, has already formed a joint venture with Korsbrekke, a subsidiary of Veidekke, one of Norway's largest contractors, and Jorgen Nielsen, a privately owned land development, quarrying and trading group, to develop a large coastal quarry with up to 400m tonnes of reserves at Espevik in south-west Norway.

It expects to be producing up to 1.5m tonnes of granite annually for export by 1997. The stone has passed quality tests for UK and German motorway construction. The depth of water at the sheltered site wharf can accommodate ships of more than 50,000 tonnes destined for north European ports such Hamburg, Rotterdam, Copenhagen and London.

Other British construction and building materials groups groups have been investigating the Norwegian market. Tarmac, is considering the development of what would be one of Europe's biggest quarries at Jossingford, 70 miles south Stavanger.

The Norwegian Development Bank has provided NKr10m ($1.6m) to help pay for geological studies for the quarry which would be expected to produce up to 5m tonnes a year of high grade igneous anorthosite, of which up 40 per cent might be exported to Britain.

Wimpey, a rival UK construction group, is having talks with Titania, a Norwegian mining company, about a possible stone quarry joint venture close to Jossingford.

Other foreign companies which own or control Norwegian stone quarries include: Viking Trading of the Netherlands which owns Norsk Stein, a producer of architectural stone; Unimin of the US, which owns or has majority holdings in architectural stone and aggregate producing quarries; Saga Pearl and Larvikite, both architectural stone producers controlled by Pele of France and Ingersoll Corporation of Switzerland respectively.

Norway also produces some of Europe's most attractive architectural stone to decorate the outside of large European office blocks and prestige buildings. Traditionally it has exported to Italy and Spain where the stone has been cut and finished. It is seeking to persuade foreign investors that it would be more efficient to establish finishing facilities in Norway rather than exporting raw rock to southern Europe and then re-exporting it back to northern Europe.

Denktash wins in tighter poll

By John Barham in Istanbul

Mr Rauf Denktash won a third term as president of Turkish-held northern Cyprus at the weekend, but his victory, less decisive that in previous elections, highlighted growing discontent on the island.

The combative Mr Denktash, 71, who has led the minority Turkish Cypriot community for 30 years, was forced to a bruising second round of voting after failing to win an outright majority in a first round against a field of six other candidates the previous weekend.

Final results yesterday gave Mr Denktash 62.5 per cent of the 91,000 votes cast. His rival, Mr Derviş Eroglu took 37.5 per cent. In the last presidential elections, Mr Denktash took two thirds of the votes on the first round.

His appeal has waned because of mounting economic problems, caused by an international trade embargo, and deepening opposition to his growing power.

He is now under greater than ever domestic and international pressure to reach a settlement with the majority Greek Cypriots that will reunify the island. Cyprus has been divided since 1974, following a Turkish invasion in response to a coup in the capital, Nicosia, engineered by the Greek government.

The US is pressing both Turkey and Greece to help find a solution, believing that reunifying Cyprus will bring the two countries together and bring greater stability to the region.

A majority of Turkish Cypriots are anxious for a settlement which would lift the embargo that is slowly throttling their economy. Furthermore, future membership of the European Union could bring considerable regional aid to the depressed economy of the north.

The EU has moved to the forefront in the search for peace in Cyprus after Greece agreed to lift its veto on an EU-Turkey customs union in March in exchange for a timetable for negotiations on EU membership for the internationally recognised Republic of Cyprus, controlled by the Greek community.

Mediators blame Mr Denktash for the failure of talks over the past 20 years. However, he now says he is prepared to discuss a single government for the island.

He said "practically all the elements for a negotiated settlement are on the table". He said the basis of this settlement is a "bi-zonal, bi-communal federation. Once this is established, all we have to discuss is what powers to give the central government." He said EU membership should only come after the new federal government was established.

Rauf Denktash: third term

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NEWS: EUROPE

John Ridding roams the capital and **David Buchan** pursues the missing millions as France goes to polls

Parisians take job fears to ballot box

FRENCH ELECTIONS

From the bleak northern suburb of Sarcelles to the smart sixteenth *arrondissement* in the west, Parisian voters heading to and from the ballot box in France's presidential poll expressed a combination of expectation, angst and apathy. "Unemployment is an emergency," said Arnaud, a former mechanic but now among the jobless in Sarcelles. "Something must be done." Across town, a middle-aged mother said she was similarly concerned about unemployment and the resulting social problems. But she doubted the elections would provide a rapid remedy. "There is a sense of malaise and a lack of direction," she said.

If there were common themes in voters' minds, there was little consensus about whom they looked to for a solution. Arnaud said he was voting for the Socialists, as he always had, despite misgivings about Mr Lionel Jospin, the party's candidate. The mother said she was voting Gaullist, following the national trend by switching allegiance from Mr Edouard Balladur, the prime minister, to Mr Jacques Chirac, the mayor of Paris.

Elsewhere, it was not difficult to find supporters for most of the nine presidential candidates, from Mr Jean-Marie Le Pen, leader of the extreme right National Front, to Mr Robert Hue, the Communist hopeful, and even for Ms Arlette Laguiller, head of the Trotskyite Workers Struggle party. Less evident were backers of Mr Jacques Cheminade, the maverick right-winger.

Such diversity – and the fact that a third of voters had not made up their minds as recently as one week ago – made yesterday's vote volatile and less predictable than any previous battle for the Elysée. Up until the projections were announced at 8pm it remained far from clear which two candidates would contest the second round run-off on May 7.

This uncertainty prompted mixed emotions and explanations. "There are no great figures who dominate," bemoaned Mr Puyfontaine, a retired civil servant. He said he was voting for Chirac, *faut de mieux*, in the absence of a better alternative. Referring to the Paris mayor's two previous tilts at the presidency, he added, more generously, that Mr Chirac had at least earned respect for his commitment.

Some voters expressed excitement at the choice of the president for the next seven years, while others appeared moved by the end of the Mitterrand era. Many, however, seemed uninspired by the election, while several passers-by felt that the contest did not merit a visit to the ballot box. "I did not register," said a student at Aulnay sous Bois, north-east of the capital. "None of the main candidates has solutions, and none of the others can win," he said.

A colleague who had registered said he planned to vote for Mr Chirac. He believed the Gaullist mayor was the most popular candidate among the young because he seemed less stuffy than his rivals and more committed to taking strong action against unemployment. Ideally, however, he would have liked to vote for Mr Bernard Tapie, the maverick businessman turned politician, who was prevented from running by a complex web of lawsuits and personal bankruptcy.

"Most of them, Mr Balladur, Mr Jospin, even Mr Chirac, are from the same background. They are all from ENA," he said, referring to the elite university which serves as a training ground for many of France's political and business leaders. "So there is little excitement about a new face."

There was enough interest, however, to send him home to watch the results announcement on the evening news. And, he said, to take him back to the ballot box in a fortnight to help make the final decision about who would succeed President François Mitterrand.

French newspapers have tried to steer clear of explicitly endorsing any of the candidates, giving little help to an electorate a third of whom are estimated to have been undecided when the last opinion polls were published eight days ago, ***writes Andrew Jack.***

The daily *Le Monde*, for example, devoted its two editorials on Saturday to the Oklahoma City bombing and a French municipal scandal, while providing a worthy *dossier* of more than five pages including detailed summaries of the nine candidates' official manifestos.

Yesterday's Journal du Dimanche paper had a front page article from its editorialist admitting that he found it strange to remain silent but would not answer the question of *"Qui?"* out of "respect for you and your personal decision".

Not that the papers have all necessarily granted equal space or balance to each of the official candidates – something at least theoretically required by the broadcasting authorities regulating the access to radio and television of those running for office.

Nor have voters been able to turn to opinion polls for recent inspiration, since they are banned in the week before voting, although a number have been circulating unpublished even so in the past few days.

Monks from the Mont des Cats abbey in northern France cast their votes yesterday *Reuter*

The 3m French who count themselves out

France has 43m citizens over the age of 18 who could have voted in yesterday's election, but some 3m never had the chance because they did not bother to register themselves on the electoral list.

The missing 3m is an estimate by the ISL polling institute which, in a survey for La Croix newspaper, found that 7.5 per cent of the electorate had not registered in time to cast a ballot in yesterday's election, or for that matter in the second round of voting on May 7.

More than half this group said their failure to register was due to lack of interest, while the rest claimed they simply forgot or were prevented for various reasons from getting to their local town hall in time.

The typical profile of the unregistered voter emerging from the ISL poll is that of a young man, probably working class and living in a city. In Paris the proportion of unregistered voters is 13 per cent, the ISL survey found.

In communes of less than 2,000 inhabitants in the countryside, the proportion of unregistered voters is as low as 3 per cent, according to the ISL poll.

In theory, the French electoral code makes it compulsory for eligible voters to go along to their local *mairie*, or town hall, and inscribe themselves on the electoral list. But since the code carries no sanctions, some people never bother to bestir themselves to visit their *mairie*.

But there were also some voters yesterday, who made the effort to register and to go the polling stations, only to cast a blank vote (or *bulletin blanc*). Some did this as a protest, others out of genuine indecision. In the latter category was one denim-clad motorbiker voting in Paris's seventh *arrondissement*. "My natural vote is with the centre-right UDF," he explained, "but since there was no proper UDF candidate, not even Balladur, who has UDF support but is a Gaullist, I nearly voted Jospin [the Socialist], only to end up voting blank."

Among France's 40m-odd registered voters, presidential elections stir more interest than do other electoral contests. For the five previous presidential elections under the Fifth Republic, the average rate of voter turnout was 81.8 per cent, compared to 76.7 per cent for municipal elections and 76 per cent for parliamentary elections.

The one marked exception to this rule was the second round of the 1969 election in which two candidates of the moderate right – the Gaullist Georges Pompidou and the centrist Alain Poher – faced each other, and much of the left abstained, bringing the voter turnout down to 68.8 per cent.

The speed and relative accuracy of last night's preliminary results, released at 8pm by the television networks, were due to the fact that most polling booths closed at 6pm, with only the largest cities – Paris, Lyons and Marseilles – staying open until 8pm, and that the polling institutes therefore had two hours to take selected samples around the country and to make their national projections.

EUROPEAN NEWS DIGEST

Iceland cabinet leans to right

Iceland's prime minister, Mr David Oddsson, yesterday announced the formation of a centre-right cabinet to replace the centre-left coalition that had governed since 1991. Mr Oddsson's conservative Independence party had been in coalition with the Social Democrats, but the two parties were left with a one-seat majority in the 63-seat parliament after a general election on April 8.

The new alliance with the centrist Progressive party gives the government 40 seats. Mr Halldor Asgrimsson, Progressive party leader, was named foreign minister in a cabinet which divides the portfolios equally between the two parties. The Progressives are strongly opposed to Iceland applying soon for membership of the European Union, unlike the Social Democrats. The new finance minister will be Mr Fridrik Sophusson of the Independence party. *Reuter, Reykjavik*

Mock to quit Austrian post

Mr Alois Mock, Austria's foreign minister since 1987, has bowed to pressure to step down. He is the first and potentially most significant victim of an imminent shakeup of ministerial posts held by the conservative Austrian People's party (OeVP). The demoralised party, junior partner in a government led by the Social Democrats, replaced its leader Mr Erhard Busek with Mr Wolfgang Schüssel on Saturday.

Mr Mock aroused considerable resentment in the OeVP last autumn by proposing an alliance with the extreme rightwing Mr Jörg Haider. Many conservatives believe that proposal contributed significantly to the OeVP's losses in last September's general elections.

Among possible candidates to succeed him are Mr Andreas Khol, an OeVP faction leader, Mr Werner Fasslabend, the defence minister, and Mr Manfred Scheich, senior emissary to the European Union. *Ian Rodger, Zurich*

Protest by Italian lawyers

Italian lawyers voted over the weekend to refuse to appear in any administrative, civil or criminal court until May 6 in protest over government plans to press ahead with the introduction of a jury system and streamlining civil litigation. The lawyers claim the plans should be postponed pending further consultations which would also allow time for the infrastructure for the jury system to be properly completed.

The proposals are intended to lift the burden of minor civil litigation and small crimes from the magistrature on to a new post of justice of the peace, who will be aided by a jury. But they have been postponed four times since 1990. There are more than 2.5m cases pending trial or hearings in Italian courts, a backlog that has drawn criticism from the European human rights court. Originally the scheme was thought capable of removing a third of these from the magistrates; but it now seems that fewer than 15 per cent could be taken on by the new system. *Robert Graham, Rome*

Turkey lifts bar on Armenia

Turkey is preparing to ease its embargo on Armenia by reopening an air corridor allowing delivery of US humanitarian aid. It imposed the blockade following Armenia's occupation of the Nagorno-Karabakh enclave in Azerbaijan, an Moslem republic closely allied to Turkey.

The move is connected with Turkey's bid, strongly supported by the US, for a multi-billion dollar oil pipeline project that will link energy-rich Azerbaijan with markets in the west to terminate in Turkey's Mediterranean port of Ceyhan. The pipeline's planned route crosses Armenia, which has been at war with Azerbaijan since 1988. *John Barham, Istanbul*

NEWS: IMF/WORLD BANK MEETINGS

Despite Mexican crisis and foreign exchange markets which have 'gone a bit nuts'...

Cautious optimism on world's economy

By Robert Chote
in Washington

The International Monetary Fund yesterday sounded a note of guarded optimism on the world economy, noting that no sooner had a new global upturn got under way than currency market upheavals and the financial crisis in Mexico put its future in doubt.

The IMF still expects world output to grow at its quickest rate for six years in 1995, at 3.8 per cent. This is in line with the average rate of global expansion achieved over the last quarter century. World trade growth is expected to slow gradually this year and next, having posted a 9 per cent increase in 1994.

But the IMF noted in its latest World Economic Outlook that recent turmoil had underscored the risks to the world recovery, "especially the danger of market volatility that may exacerbate, and expose, fragilities in the financial system".

This made it all the more urgent for governments to get their budgets under control, to take prompt action to forestall inflation and to pursue structural reforms which would improve underlying economic performance.

Growth in the big industrial countries is expected to be maintained this year at 3 per cent, the rate achieved in 1994.

Co-ordination on currencies? IMF chief Michel Camdessus and finance ministers Takemura (Japan), Rubin (US), Waigel (Germany) and Clarke (UK)

Expansion is expected to slow in the US, UK and Canada, but to accelerate in the European Union and in most other industrial countries. The IMF has raised its forecast of growth in the industrial countries by a third of a percentage point since its last World Economic Outlook was published in October.

The upward revision to the growth forecast would have been greater had the dollar not fallen as sharply in the meantime. The IMF warned that the dollar's weakness would exacerbate inflationary pressure in the US and slow the pace of output growth in Europe and Japan. The falling dollar last week *prompted sharp public* criticism of the US from German Chancellor Helmut Kohl, amid growing complaints from increasingly uncompetitive German exporters.

Mr Michael Mussa, the IMF's chief economist, said the foreign exchange markets had "gone a bit nuts in recent weeks". He said some weakening in the dollar was to be expected as the markets digested the implications for the US trade deficit of contractionary policies in Mexico. But the size of the fall was not justified by economic fundamentals – the dollar has dropped by nearly 20 per cent against the yen and over 10 per cent against the D-Mark this year.

The IMF urged the Federal Reserve to raise US interest rates soon: "This would help strengthen the dollar, which is important in view of its role as the key international currency and is consistent with the need to contain domestic inflationary pressures associated with a weak exchange rate."

Mr Mussa conceded that economic data for February and March had suggested growth in the US was slowing. But he added that there was still little danger a further modest rise in interest rates would push the US economy into recession either this year or next. Tougher action to cut the budget deficit would minimise the need for rate rises and therefore damage to investment.

The IMF said the US economy had run out of slack and *growth therefore needed to fall* below its long-term trend rate for a while to curb incipient inflationary pressure. Fund economists predict growth of 3.2 per cent this year, falling to 1.9 per cent in 1996 in a so-called "soft landing".

The Bundesbank's recent surprise decision to cut German interest rates was welcomed by the IMF, although it warned that rates there would probably need to rise later this year. Growth in Germany is expected to accelerate slightly this year to 3.2 per cent, with inflation stabilising at around 2 per cent.

Germany was congratulated on its efforts to reduce government borrowing, but most other European countries were told to do more. The IMF even argued that the fiscal targets in the Maastricht treaty's "convergence criteria" were too loose. It added that most of the selective measures taken to tackle high structural unemployment in Europe had been ineffective and that only a few countries had been bold enough in reforming their labour and product markets.

Low interest rates remained appropriate in Japan, with prices stable, economic activity well below potential and the high yen making it difficult for Japanese companies to compete in world markets. The Fund argued that pressure on the yen could be alleviated by more deregulation and greater efforts to open domestic markets to foreign competition.

Growth in developing countries is meanwhile expected to slow from 6.3 per cent in 1994 to 5.6 per cent this year.

The IMF said flows of investment capital into many emerging markets might slow significantly in the short term, as investors opted for safety after the Mexican crisis. These events had shown "the heavy costs of allowing economic imbalances to persist until financial markets force the necessary policy adjustments".

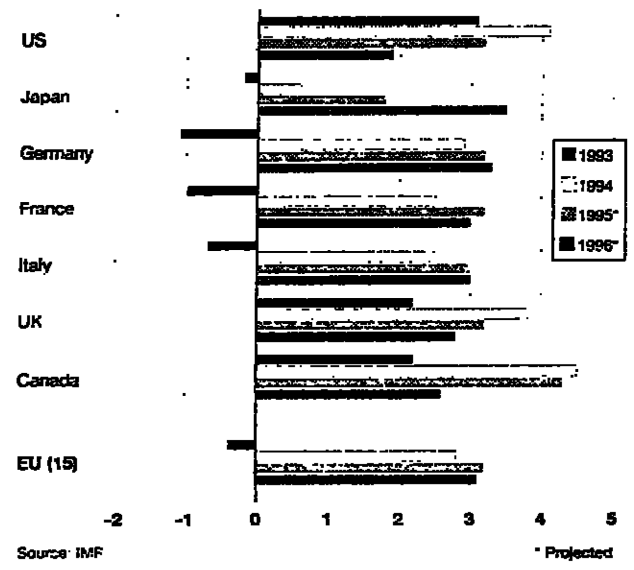
The IMF said Mexico had now been forced to tighten its financial policies and "some other emerging market economies also need to strengthen their fundamentals". Brazil, India and the Philippines were *all urged to* get their public finances under better control, while Middle Eastern oil exporters were told to cut public *spending*.

Growth is also expected to be robust in those countries in eastern Europe which have made most progress in the transition from communism to free markets, with output there expected to be at least 5 per cent higher this year than in 1994. But the IMF warned that these growth rates might be just a temporary rebound from the previous collapse in production.

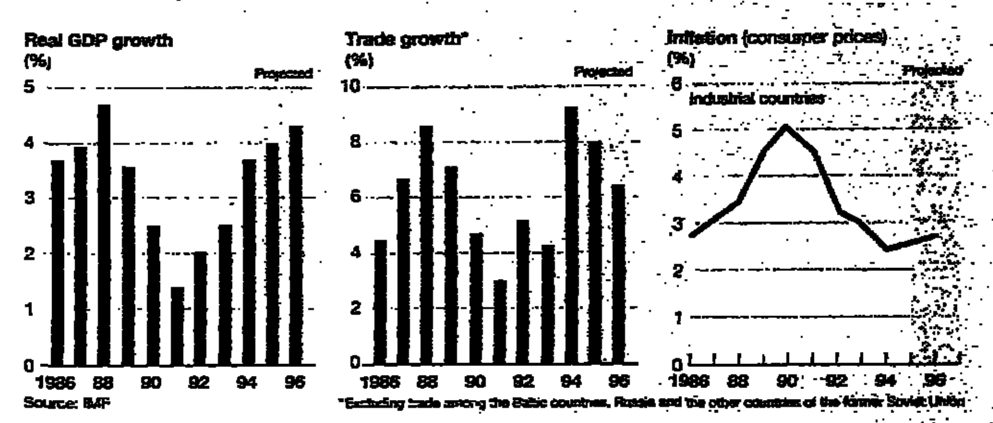
"In the others, the costs of delaying the introduction of financial discipline and bold systemic changes have become increasingly apparent in terms of hyperinflation and continued output declines," the IMF said.

The IMF predicted a 9 per cent fall in output in Russia this year and warned that foreign direct investment had to be encouraged by macroeconomic stability, structural reforms and the strengthening and more effective use of domestic savings.

World output: outlook for 1995,1996



World GDP, trade and inflation: outlook for 1995, 1996



Warning to Britain over tax cuts

By Robert Chote

The International Monetary Fund yesterday warned the UK government against cutting taxes in the run-up to the next general election, unless the cabinet was prepared to make further cuts in its public spending plans.

Mr Michael Mussa, the IMF's chief economist, said it was not impossible that tax cuts could be justified by the time of the next election. But he added that it was important that the UK government carried through the tax increases and public spending plans it had already announced with the aim of balancing the budget by the end of the decade.

Mr Mussa also warned that the government might have to raise interest rates again soon if it was serious about sticking to its medium-term inflation target. In its latest World Economic Outlook, the IMF said the recent weakness of the pound "argues for earlier steps to raise interest rates further than would have been required otherwise".

The three base rate rises since last September will take some time to have their full effect, but monetary policy should meanwhile err on the side of caution, he said.

This advice will put extra pressure on Mr Kenneth Clarke, the chancellor, and Mr Eddie George, the governor of the Bank of England, to agree a further rise in base rates. They next meet formally to discuss rates on May 5, but Mr George warned when they met in March that he might want to move between meetings if conditions in the currency markets demanded it.

The IMF noted that the financial markets did not yet believe that the UK government would achieve its medium-term inflation target, which seeks to have the underlying rate of price increases – excluding mortgage interest payments – between 1 and 2.5 per cent in spring 1997. IMF economists themselves expect underlying inflation to average 2.9 per cent this year, falling only fractionally to 2.8 per cent in 1996.

Consumer spending is expected to be subdued this year and next, under the influence of higher taxes and interest rates. But growth will still be underpinned by strong exports and strengthening business investment, which means there is little risk that a further modest tightening of interest rates might push the economy back into recession.

The economy is expected to grow 3.2 per cent this year and 2.8 per cent in 1996. Strong exports also mean that the current account of the balance of payments is expected to be in the red by only £1bn-£2bn this year and next.

The pace of the fall in unemployment is expected to slow sharply in coming months, dropping only a fifth as fast between 1995 and 1996 as in each of the previous two years, to leave 8.1 per cent of the workforce unemployed next year, above the average for industrial countries but below that for the European Union.

Employment growth this year is expected to be at a six-year high of 1.4 per cent, before dropping to 0.9 per cent in 1996.

The government received praise for its efforts so far to get public borrowing under control, although the IMF noted that public spending had so far been held below target only because unexpectedly low inflation had meant that the same services could be provided for a smaller cash outlay.

Learning lessons from Mexico's financial woes

By Robert Chote and George Graham in Washington

Much of the International Monetary Fund's spring meeting in Washington this week will be spent raking over the coals of Mexico's financial crisis, with the IMF under attack for failing to warn about the problems before they got out of hand.

The IMF's latest World Economic Outlook maintains that Mexico has considerable economic potential. Until recently, it was regarded as a model of successful development and sound policies, which may help to explain why Fund economists found it difficult to believe that things were going so wrong.

The Outlook blames a combination of policy mistakes, political unrest and external economic shocks for the crisis. It argues that Mexico now has to reduce its dependence on foreign savings and sustain structural reforms to restore investor confidence.

The IMF said the U-turn on the exchange rate when the peso was floated in December panicked the financial markets: "At least in part, this change in market sentiment appears to explain the size and speed of the financial upheaval and sharp peso depreciation of early 1995, as markets questioned Mexico's ability to service its short-term debt."

Mexico should have been more willing to raise interest rates as rates overseas rose, rather than assuming that the need would subside after a period of temporary domestic political uncertainty.

"A substantial hike in interest rates late in the day probably would have been insufficient to preclude the crisis, although it is arguable that such actions may have helped to convince financial markets that Mexico remained committed to a consistent medium-term economic strategy," the IMF said.

"It would seem that a much earlier tightening of credit supported by a more restrictive fiscal stance might have been needed to stave off the pressures on the exchange rate regime."

International monetary officials argue that both governments and financial markets can be induced to change their behaviour in ways that might help avoid future crises, like Mexico's, by the regular and timely publication of economic statistics.

IMF officials acknowledge that their internal culture has left them ill-equipped to respond quickly to the capital market problems that have to a great extent replaced balance of payments problems as the source of international monetary instability. IMF staff can comment extensively on long-term economic problems, but are often several days behind fast moving financial markets.

The IMF's regular reports on member countries, known as Article IV surveillance, usually contain little information on subjects such as the maturity structure and currency composition of the country's debt or the health of its banking system, now more often at the root of monetary crises.

Besides better early warning systems, however, most G7 countries agree with the argument that the IMF's capacity to respond to crises needs to be strengthened. They are cautious, however, about rushing to accept ideas such as the creation of a special financial safety net, which could perversely encourage both governments and investors to ignore danger signals because they expect a bailout.

"We do not want to fail to plan, but we surely do not want to plan to fail," a senior US official said.

Clarke to press for reforms

By Peter Norman,
Economics Editor

Britain plans to press this week for reforms of the operations of the International Monetary Fund to ensure that the IMF can cope better with crises.

The UK initiative, to be outlined by Mr Kenneth Clarke, the chancellor, in a speech in New York today and presented to other finance ministers at this week's spring meetings of the IMF and World Bank in Washington, will seek to draw lessons from perceived errors in the IMF's handling of the Mexican crisis this year.

It will also form part of a broader drive by the British government for reform of multilateral institutions at the June Group of Seven economic summit in Halifax, Nova Scotia.

Mr Clarke will say this week that the IMF needs better early *warning systems and stronger* and better surveillance of problem countries. One suggestion, likely to receive backing from other IMF member countries when the Fund's policy-making Interim Committee meets on Wednesday, is that the IMF should devote more effort to surveillance of the 30 to 40 countries in which problems can adversely affect the world economy.

The UK will also urge the IMF to be frank with member countries when it gets a whiff of matters going awry.

Given UK officialdom's tradition of secrecy, it comes as no surprise that Britain is not advocating that the Fund should make its judgments public. But the UK proposal reflects a widespread belief that the IMF let slip its normal rigour when assessing Mexico's economy last year, perhaps through a desire to see the *country elevated without* difficulty to the rank of the industrialised nations.

Among the more controversial UK suggestions will be a proposal that the IMF should insist on uniformly high standards of published economic data among member states. This also reflects a widespread perception that Mexico's economic statistics last year fell short of international best practice. Britain favours the publication of a list of countries that meet IMF data standards, in effect creating an IMF seal of approval.

The UK also favours the creation of an IMF "evaluation unit" to report after the event on problems to the IMF board, which represents the IMF's member states, rather than to the IMF managing director, currently Mr Michel Camdessus, a former governor of the Banque de France.

While some of the UK agenda reflects a degree of understanding among member states that the IMF must improve its performance, it is less clear that the evaluation unit or the listing of countries meeting proposed IMF disclosure standards will win sufficient support in this week's meetings.

However, UK officials argue that the evaluation unit, which would probably comprise Fund staffers and officials from outside the IMF, would build on the IMF's own attempts to learn from the Mexican crisis.

Circulating among top IMF officials is a critical report on the Fund's Mexican failures prepared by Sir Alan Whittome, a former senior IMF official. It is understood that UK proposals for an evaluation unit have been based to some extent on the Whittome report.

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NEWS: THE AMERICAS

Congressmen keep international terrorists in target

By George Graham in Washington

The hunt for the Oklahoma City bombers has focused squarely on extremist anti-government groups within the US, not on the international terrorists first targeted for suspicion. But the political response has remained much the same.

Members of Congress from both parties are still pushing for tougher anti-terrorist legislation whose primary effect would be to make it more difficult for foreigners to get into the US and easier for the US to deport them if they did get in.

"Let's not fall prey to the immediate," said Congressman Charles Schumer, a New York Democrat who last week used the Oklahoma bombing as an argument for quick action on the anti-terrorist bill he introduced earlier this year with the backing of President Bill Clinton's administration.

"International terrorism is a huge threat. I thought it was a huge threat before the Oklahoma bombing. I still think it is a huge threat now," he said.

The focus on international terrorism comes partly because it is in some ways an easier target. Although the US has throughout its history conducted periodic witch hunts against domestic radicals, anarchists and communists, the constitution narrows the scope of any crackdown against groups like the anti-government "militia" movement now under the microscope because of its suspected links to the Oklahoma City attack.

Mr Schumer's bill would create a special court to try deportation requests, in which the government would not be required to disclose the source of its suspicion that a foreigner had terrorist links. It would also, however, create a new crime of conspiring to commit a terrorist act, which could cut against either domestic or international terrorism.

Congressman Henry Hyde, the Republican chairman of the House of Representatives judiciary committee, has called for tougher barriers to prevent potential terrorists from getting into the US in the first place. That is expected to mean barring foreigners from obtaining a US visa for mere membership of proscribed organisations, in the same way that membership of a communist party was grounds for refusing a visa.

That is unlikely to have much effect on terrorists, since groups like Hamas, the militant Islamic organisation, which are likely to figure on a list of proscribed organisations do not habitually hand their membership rolls over to the US government. It is likely, however, to lead to the accumulation of information on possible members and associates.

But members of Congress expect to look at other measures that might strengthen the hand of the Federal Bureau of Investigation in dealing with domestic paramilitary groups.

"My guess is the big changes will come in empowering the FBI, looking at rules of evidence," said Senator Hank Brown, a Colorado Republican.

Congressman Newt Gingrich, the Republican Speaker of the House, said it was time to expand the FBI's power to infiltrate paramilitary groups and arrest members bent on violence.

"I think what a free society has to do is draw a very sharp distinction between free speech and criminal activity," he told a Republican convention in Georgia on Saturday.

Mr Gingrich suggested that anyone aware of a terrorist plot who failed to report it to the police should be considered an accomplice eligible for the death penalty, though this appeared too radical for most members of Congress.

Although opposition to gun control is one of the principal strands in the militias' ideology, most politicians appear unwilling to draw a direct link between the Oklahoma bombing and gun legislation.

But Mr Schumer, a leading supporter of gun control, said he hoped there would be a "different tone in Congress" as a result of the attack, possibly damping calls for a repeal of the ban on assault rifles passed last year when Congress was still under Democratic control.

Mr Leon Panetta, the White House chief of staff, said the possibility of a link to extremist opponents of the assault weapons ban would, if anything, strengthen the administration's intention to maintain the ban. It would also assist a law enacted last year which requires gun buyers to wait five days while a background check is conducted before they may take possession of a weapon.

INTERNATIONAL PRESS REVIEW

Too awkward for words

BRAZIL

By Angus Foster

President Fernando Henrique Cardoso went to the US last week hoping to lift Brazil's international profile but, back home, the media were distracted by the communications *minister's choice of words.*

Mr Sérgio Motta coined the phrase "sociological masturbation" to describe his government's excess of words but lack of progress in tackling social problems. The comment, considered risque even in racy Brazil, threatened to overshadow Mr Cardoso's visit.

Mr Cardoso's trip, which included meetings with President Bill Clinton and business leaders, was meant to cement an improvement in Brazil-US relations. The two countries, which in the past found their ties stretched by disagreements such as the US embargo of Cuba, are choosing to concentrate on shared goals such as opening the Brazilian economy and regional integration.

For the Brazilian president, who is known overseas for his earlier academic work and who speaks several languages, it was the most important foreign visit since taking office in January. For the media, it was a chance to explore again an obsession with the country's international image.

TV Globo, the biggest network, gave less time to Mr Cardoso's comments than to those of US bankers, most of whom voiced admiration of the president who last year introduced a successful anti-inflation plan. The station's night-time news highlighted Mr Clinton's description of Mr Cardoso as "one of the hemisphere's most dynamic leaders".

Globo, which backed Mr Cardoso during last year's elections, also highlighted the applause which he received at private lunches.

For Brazilians, foreign praise of their presidents is a novel experience and US praise especially rare. The last elected president to visit the US, the jet-skiing Mr Fernando Collor, was compared unflatteringly by then President George Bush to action hero Indiana Jones. Previously Ronald Reagan mixed up Brazil and Bolivia during an official visit.

Mr Gilberto Dimenstein, a widely syndicated columnist, summed up: "Never in all our history have we had a president with such personal prestige in the developed countries." All was going well until Mr Motta coined that offending phrase, and also criticised several ministerial colleagues, during a conversation with congressmen. Apparently reprimanded by his friend President Cardoso, Mr Motta tried to deny the comments, only to hear a taped version broadcast *on national radio.*

Mr Paulo Sotero, a columnist in the *Estado de São Paulo*, was outraged at what he described as the minister's "verbal incontinence". Not because of the content of the comments – that lack of urgency on social issues killed people – but because Mr Motta dared make the comments while Mr Cardoso was in the US "on the first day of the most important international visit [of the president] as a representative of all Brazilians".

If Mr Sotero was concerned Brazil's international image had been damaged, he need not have worried. At a joint press conference for the two presidents, US journalists only wanted to ask about the Oklahoma bombing.

Most Brazilians, naturally, like the idea of their president being feted in the US. But there is a habit, visible in parts of the media, to disparage those who are treated as equals, perhaps to challenge their presumptiousness. The *Folha de São Paulo* printed photos of President Cardoso's wife wearing, horror of horrors, the same dress she used for her husband's inauguration. The president's "short stature" beside Mr Clinton was also noted.

Mr Cardoso ended up talking nearly as much about another Latin American country – Mexico – as he did about Brazil. Following the Mexican crisis, US investors have deserted Brazil's stock markets, fearing the overvalued Real currency could trigger a similar loss of confidence. Brazil is irritated by the comparison, and Mr Cardoso tried several times to explain the differences between the countries. But there was a lingering suspicion that for most in the US all Latin Americans are the same.

Globo newspaper, sister organisation of the TV empire controlled by Mr Roberto Marinho, summed up its doubts in a front-page cartoon. Mr Clinton asks Mr Cardoso a prepared question in Spanish rather than Brazilian Portuguese: "Let me see, how are things in Buenos Aires, capital of Mexico?"

Washington campaigns for 'fair treatment' following GE's exclusion from bidding

US to press Germany on power contracts

By Nancy Dunne in Washington

The US plans this week to intensify a campaign against allegedly unfair competition in the German power generation market, which it regards as controlled by a monopolistic structure denying entry to most foreign suppliers.

Mr Jeffrey Garten, the US Commerce Department's undersecretary for trade, will visit Portugal, Belgium and Germany for a week of trade promotion activities. He said he would meet German government and industry officials to get "fair treatment for US suppliers". The issue was raised by General Electric when it was excluded from the final round of bidding on a $250m (£154.3m) contract to provide steam turbine engines. But Mr Garten said the issue went well beyond GE.

"This is an issue that is not going to go away," he said. "This is a market that is closed, that acts in a very monopolistic fashion. It has elements of Japanese *keiretsu* – interlocking relationships – some of which you cannot necessarily document."

He said at least three big US companies – GE, Westinghouse and Enron – had suffered similar experiences. They were invited to bid on projects, which they believed they had no chance of winning. They allege that specifications are heavily geared to German companies and that timetables are too short to respond effectively. The claims are denied by the German government.

"As far as we know, no American firm has won a steam power generation contract since World War II," Mr Garten said.

For now, the US will try to handle the dispute without threats of deadlines and sanctions. "We like to think the Germans will understand our concerns," Mr Garten said.

Part of the trip is a sales mission. He will be pushing US interests on $4bn in contracts identified by the Commerce Department's "advocacy centre". He will also brief European Union officials on recent talks in China and the US dispute with Japan over vehicles.

Garten: market "closed"

Ruggiero believes link could hit global economic integration

Warning on EU-US free trade area

By Guy de Jonquières, Business Editor

Mr Renato Ruggiero, incoming director-general of the World Trade Organisation, has voiced concern that the US and the EU could harm the multilateral trade system and slow the advance of global economic integration by seeking to create a North Atlantic free trade area.

Mr Ruggiero, in an interview before leaving at the weekend for talks in Japan, also expressed hopes that WTO members would be ready next year to accelerate the 10-year timetable for implementing the Uruguay Round agreement and set new goals for liberalising world trade.

The possibility of creating a North Atlantic free trade area was discussed by Mr Bill Clinton, US president, and Mr John Major, Britain's prime minister, at a meeting in Washington this month. Mr Klaus Kinkel, Germany's foreign minister, urged last week that the idea be studied further.

Mr Ruggiero, who takes up his new post next Monday, said he had favoured such proposals while he was Italy's trade minister in the late 1980s. But although he supported strong transatlantic links, he now feared that efforts to create a free trade area would distract US and EU attention from multilateral priorities and could be internationally divisive.

"I think it would be a mistake if these two giants were now to concentrate all their attention on a deal which would be extremely difficult. It would be difficult, not because of trade in industrial products, but because of agriculture and other aspects, such as public procurement," he said.

One of the Uruguay Round's biggest successes had been to bring developing countries more fully into the world trade system, he said. "A free trade area of so many rich countries could give the feeling that we are again living in a divided world, with a rich area and a poor area."

This would be a mistake as it would contradict the prospects of growth in the industrialised world, which would depend on the growth of developing countries and their integration into the trading system.

Renato Ruggiero: 'I think it would be a mistake'

Mr Ruggiero hoped WTO ministers might consider, at a meeting in Singapore late next year, bringing forward by five years to 2000 the deadline for fulfilling Uruguay Round commitments to liberalising trade in areas such as textiles and agriculture, and to putting into effect rules on intellectual property rights.

He also hoped the ministers would set ambitious new goals for the next stage of liberalisation, including the start of negotiations on freeing worldwide investment and on the links between trade and competition policy.

However, he had no firm proposals and emphasised that any decision to accelerate the Uruguay Round timetable would depend on how effectively it was implemented in the next 18 months.

Negotiations on China's admission to the WTO, in abeyance since late last year, still had to clarify many issues. There had to be a strong and convincing effort by the Chinese to modify some of their structures, he said.

Kibeho killing casts doubt on refugee return

State has lost the moral high ground, says Michela Wrong

As the death toll soared from the carnage at Kibeho, the Rwandan camp forcibly cleared this weekend by the Rwandan army, shocked aid workers were yesterday assessing the implications for their campaign to persuade 2m Hutu refugees to return home.

With UN officials estimating that up to 8,000 people could have died in Saturday's crackdown, it was clear the government's drive to lure refugees back from neighbouring Burundi, Zaire and Tanzania and to reconcile the Hutu and Tutsi communities had suffered a near-fatal blow.

"This massacre is terrible in itself and terrible in its implications," said Mr Ray Wilkinson, spokesman for the UN High Commissioner for Refugees. "People in the camps outside are going to hear about this and they're going to think four or five times about returning.

"It will complicate the entire refugee operation throughout the region and make the job that much more difficult, if not impossible."

Kibeho, which housed 80,000-120,000 people, was the largest of nine camps set up in south-western Rwanda as Hutus fleeing last summer's advance by the Rwanda Patriotic Front poured into a zone temporarily under French protection.

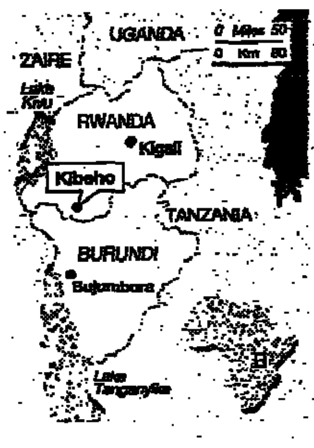
Having won the war and control of the country, the Tutsi-dominated army had grown increasingly impatient with the 250,000 people in the camps. They argued it was time the Hutus returned to their fields and helped reconstruct the country.

But militiamen and former local officials controlling the camps – many of them the perpetrators of last year's genocide – persuaded inmates they would be killed by the Tutsis if they left. Saturday's bloodletting has done little to counter their arguments.

After first interrupting food deliveries, the army moved into Kibeho last Tuesday, forcing the most recalcitrant refugees into an increasingly small area. UN officials said the killing appeared to have been triggered by a sudden rain squall which sent the refugees rushing towards a cordon of jittery soldiers.

It was still unclear yesterday how many of the victims were trampled or suffocated to death in stampedes and how many died at the hands of the troops. Soldiers were seen shooting into the crowd, bayonetting refugees trying to escape and firing heavy mortars.

The massacre, with all the signals it carries for exiled Hutus, could not have come at a worse time.



With fuel and water supplies running down in Zaire and Tanzania, local tolerance of the long-running Hutu presence has reached breaking point. Tanzania recently closed its border to tens of thousands of Rwandan refugees fleeing ethnic violence in Burundi, saying it could take no more. As many of Kibeho's ousted inmates headed for Burundi yesterday in search of safety, the UNHCR said it had heard reports that this frontier had also been closed.

In the Rwandan capital, Kigali, the government has not yet appeared to have grasped the extent of the public relations fiasco that has occurred. In a grudging apology on Belgian television, Prime Minister Faustin Twagiramungu insisted the army must have been acting in self defence.

Mr Shaharyar Khan, UN special representative, said he would now press the government to do all it could to improve conditions for tens of thousands of Kibeho inmates who have poured into the town of Butare, and lift the blockade on food aid to camps in Zaire.

"If the government can show on the ground that it means what it says, then the process of building confidence can start again. I'd hate to think we'd come to a dead end as far as repatriation of refugees goes," Mr Khan said.

Whatever action the government takes, it has lost the moral high ground it has been occupying, despite recent concerns about prison conditions, since seizing power last July.

Ms Brenda Barton, World Food Programme's regional information officer, predicted the massacre would force donors to reassess the widely held view that the Hutus should be pushed to return home and the Kigali government supported.

"This is going to present a lot of the donors with something of a dilemma. They're going to have to reconsider the basic assumptions they've been making."

Inquiry clears Boesak over missing funds

By Roger Matthews in Johannesburg

Mr Allan Boesak, the prominent anti-apartheid campaigner and church leader, has been cleared by a South African government inquiry of misappropriating charitable funds donated by a Scandinavian organisation.

Mr Boesak withdrew from his appointment as South Africa's ambassador to the United Nations in Geneva earlier this year after an investigation by a Johannesburg law firm accused him of enriching himself at the expense of the Foundation for Peace and Justice which he administered. More than $750,000 (£462,900) is said to have been unaccounted for.

Mr Thabo Mbeki, deputy president, said at the weekend that a government inquiry had found no evidence to support the allegation that Mr Boesak had unlawfully misappropriated money to which he was not entitled. On the contrary, Mr Mbeki said, the inquiry had discovered that Mr Boesak was owed some $65,000 which he had lent to the foundation.

However, Mr Mbeki added: "Allan must take responsibility for the mess that has occurred. There was not sufficient supervision or control."

Lawyers for the Danish charity, DanChurch Aid, which filed the initial complaint against Mr Boesak, expressed dissatisfaction with the government inquiry because it did not explain the fate of the missing $750,000. A police investigation is continuing, but is unlikely to be completed for several months.

Mr Boesak, the former president of the Geneva-based World Alliance of Reformed Churches and a leading member of the African National Congress, said he was delighted to be vindicated and would talk to President Nelson Mandela soon about an alternative job now that the UN post in Geneva had been filled. "I hope that something else can be found or created for me," he said.

Several ANC ministers had been confident that Mr Boesak would be cleared and suspected that the flurry of corruption allegations against senior party members was an orchestrated campaign in which parts of the press played a leading role.

When the allegations against Mr Boesak first surfaced they were quickly followed by detailed articles on his lifestyle, spending habits, and personal relationships which suggested he was living well beyond his visible means.

A series of allegations has also been levelled against Mrs Winne Mandela, the president's estranged wife, who was last week sacked as deputy minister of arts, culture and science.

INTERNATIONAL NEWS DIGEST

Indonesia power project backed

Indonesia's first large-scale private power project, Paiton I, has secured $2.5bn (£1.54bn) in financing from a consortium of mainly Japanese banks, ending speculation that the 1,230MW coal-fired project would not get off the ground because critics argued it was too large to be commercially viable.

The lenders include the Export-Import Bank of Japan, supported by Japan's Ministry of International Trade and Industry, the US Export-Import Bank, the Overseas Private Investment Corporation and eight commercial banks including Barclays, Crédit Lyonnais, Union Bank of Switzerland, Industrial Bank of Japan, Chase Manhattan Bank, Fuji Bank, Sakura Bank and Bank of America.

The financing arrangement, which was signed in New York on Friday, comes after two and a half years of arduous discussions which were stalled partly because of difficulty in finding financiers for the project. Lead developer is Mission Energy, which is collaborating with General Electric, Mitsui and Indonesia's Batu Hitam Perkasa. The plant, in east Java, will sell all of its output to PLN, the state-owned electricity utility, under a long-term power purchase agreement. The first unit is scheduled to be on line in late 1998. *Manuela Saragosa, Jakarta*

Aum cult official attacked

A leader of Aum Shinri Kyo, the cult implicated in last month's gas attack on the Tokyo subway, was last night stabbed on the pavement outside the cult's office in the capital. A member of the crowd which observes a 24-hour vigil outside the building plunged a kitchen knife into the stomach of Mr Hideo Murai, the sect's second most senior figure who has become its main advocate on television. Mr Murai, 36, head of the sect's science and technology unit, was said to be in serious condition in nearby Hiroo hospital.

The attack is the latest incident to challenge Japan's reputation for public order. Police have arrested more than 100 Aum followers since the subway attack, in which 12 died, but have yet to charge anyone with an offence related to the tragedy. At the weekend police seized from an Aum building a remote-controlled packaging machine, which could be used to handle highly poisonous materials like the sarin nerve gas used in the Tokyo subway attack.

Despite that small advance, the police have appeared to be losing the struggle to earn public confidence during the month since the subway attack. During that period Japan's most senior policeman was shot outside his apartment and gas attacks, as yet unexplained, were launched in a railway station and a department store in Yokohama. Meanwhile, the whereabouts of the sect's leader, Mr Shoko Ashara, remains a mystery. *William Dawkins, Tokyo*

Japanese return to the polls

Japan's electorate was expected to repeat its dissatisfaction with the political establishment yesterday in the second and final round of local elections. Towns and villages across Japan echoed to the sound of loudspeaker trucks over the weekend, attempting to lure voters to cast ballots for a wide assortment of small local assemblies. These are less important than the prefectural elections two weeks ago, in which a former sitcom actor and a former comedian were chosen as the governors of Tokyo and Osaka, the top jobs in local politics. That was seen as a protest vote against the government's handling of the series of crises to have struck since the turn of the year, and against established parties' practice of collaborating to secure seats in local elections.

More than half of the candidates for the 117 city mayors up for election yesterday either had no opponents or had the kind of cross-party support that so annoyed voters in Tokyo and Osaka. Campaigning in yesterday's election was more on local issues than for the governorships, the final line of responsibility between local and central government. Even so, several candidates were emphasising their credentials as independents.

Apart from the main mayoral seats, voters also chose members of 375 metropolitan assemblies, the mayors of 15 Tokyo wards, the members of 22 ward assemblies, 318 heads of towns and villages and assembly members in 1,064 towns and villages. Mayoral results were expected last night, with the remainder this morning. *William Dawkins*

World's shipping fleet grows

The size of the world's shipping fleet showed a further increase last year, rising by 18m gross tons to a record of 476m tons. After allowing for ships which were scrapped or lost, the size of the world fleet rose by 11 vessels, taking the total to 80,676 ships, according to Lloyd's Register's World Fleet Statistics. Panama, which overtook Liberia in 1993 as the leading shipping register, confirmed its position at the top of the rankings, adding vessels of 6.5m tons. This took its total to 64.2m tons. Liberia rose by 3.7m tons to 57.6m tons.

The age of the world fleet continued to rise and reached 18.2 years at the end of December, compared with just 12.8 years in 1980. The cargo carrying fleet amounted to 42,689 ships totalling 704m deadweight tons, with an average age of 17 years.

Oil tankers accounted for 38 per cent of the total cargo-carrying tonnage while bulk carriers, which carry dry cargoes such as ore and coal, accounted for 30 per cent. One of the fastest growing sectors was container vessels, although they still accounted for just 5.5 per cent of all cargo tonnage. A total of 1,057 cargo-carrying ships were completed in 1994, including 510 vessels built in Japan and 115 in South Korea. *Charles Batchelor, Transport Correspondent*

Tajik tensions increase

Russian-led guards patrolling the Tajik-Afghan border yesterday claimed to have repulsed another cross-border raid by Tajik opposition forces, killing five insurgents. Tensions also rose within Tajikistan over the weekend as government troops moved into the Gorno-Badakhshan region, seemingly breaking a ceasefire agreement signed last year. One opposition commander in the Gorno-Badakhshan region threatened fierce resistance unless government troops withdrew. "I know for sure we will not win. But they will not win either. We will create another Afghanistan," the commander, known as Majnun, told the Reuters news agency.

Tajik opposition forces have been trying to unseat President Imomali Rakhmonov since losing a civil war in 1992. The tension in Tajikistan, which has led to dozens of deaths in recent weeks, is raising political concern in Moscow, which has backed President Rakhmonov's regime with military and financial aid. *John Thornhill, Moscow*

S African voters stay away

The South African government is finding it hard to persuade the public to register to vote in forthcoming local elections, less than a year after they flocked in their millions to the polls to carry the African National Congress to a sweeping general election victory. The government has been forced to extend the April 28 deadline for registration after fewer than one in three eligible voters completed the necessary forms. The local elections are due to be held on November 1 and politicians from all parties believe that a minimum of 60 per cent voter registration must be achieved if the results are to be widely accepted.

At the end of last week only 26 per cent of voters in the Gauteng region, which comprises greater Johannesburg and the capital Pretoria, had registered, compared with more than 60 per cent in the Western Cape, where Mr F W de Klerk's National party won the largest share of the vote in last April's election. In some districts with a substantial black majority, the largest number of registered voters were white.

Despite a massive advertising campaign, party workers report that many black voters do not understand the requirement to vote again and that the high level of illiteracy makes it more difficult for the government to get its message across. *Roger Matthews, Johannesburg*

China grapples with commodity turbulence

Beijing has reimposed quotas on some goods in bid to control imports, writes Tony Walker

When sugar prices rose sharply last month, the Beijing authorities reacted true to form in dealing with domestic markets that overheat - they intervened.

From April 1, private traders were banned from wholesale sugar transactions, leaving the field to the large state-controlled corporations. As a result, the sugar price has fallen back to international levels. At their peak, sugar prices on China's fledgling commodities exchanges exceeded those on the international market by 30 per cent.

Mr He Jihai, China's vice-minister of internal trade, said that, in one case, a private entrepreneur had been engaged in transactions involving 100,000 tonnes of sugar. His trading licence in sugar has been withdrawn, along with those of other private traders.

Sugar is just one of a number of commodities that have been subjected to speculative trading in a chaotic market where supply often falls well short of demand.

Cotton is another case in point. Last year the authorities cracked down on speculative cotton trading after entrepreneurs took advantage of shortages to drive the price of raw cotton well above the international level.

Alumina and copper are two other examples. Both are in heavy demand, and both have been heavily traded on China's metals futures exchanges, leading to government intervention.

In an attempt to regain control of commodity imports, the State Council, or cabinet, recently decided to reimpose import quotas on grain, cotton, vegetable oil, and sugar.

China's experiment with the markets is proving painful, not only because the surging demand for commodities is providing fertile territory for speculators. Beijing's worries about its turbulent commodities exchanges are compounded by the effects on food prices. The authorities have made the fight against inflation, running at more than 20 per cent in the cities, their top priority.

The faltering efforts to utilise markets to regulate the flow of commodities may have been of only passing interest internationally, if it were not for the fact that the rapidly increasing demand is driving markets worldwide.

China now ranks as the world's largest importer of sugar and cooking oil, and its requirements for wheat, corn, barley, cotton and rice are also rising quickly as its economy undergoes rapid transformation to one that is more consumer-oriented.

The fast growing brewing industry – China is now the world's second largest beer manufacturer behind the US – has driven up demand for barley on international markets, and there is no sign of this trend slackening.

A report prepared recently by the US Department of Agriculture forecast that in the 1995-96 marketing year China would import 10m tonnes of wheat, compared with 11m tonnes in 1994-95, and 2m tonnes of corn.

In the case of corn this marks a dramatic turnaround from 1993-94, when China exported 10.5m tonnes. Bad weather in corn-growing regions contributed to the shortfall, but increasing domestic demand for feed grains is a larger factor.

Meat production is increasing at an estimated 10 per cent annually, but corn output has stabilised at about 100m tonnes annually. The US Department of Agriculture forecast production this year of 102m tonnes, up from 100m tonnes last year.

Demand for meat products in an increasingly affluent China is such that farmers are paying a premium for feed grains. Corn, for example, is reportedly arriving in Shanghai at Yn1,300 ($154) a tonne but is being sold in the pork producing hinterland for Yn1,700, a 30 per cent difference.

"Ultimately, China must come to grips with the growing demands of the emerging middle class for a wider variety of high-quality food products that imply greater use of grain," the US report concluded.

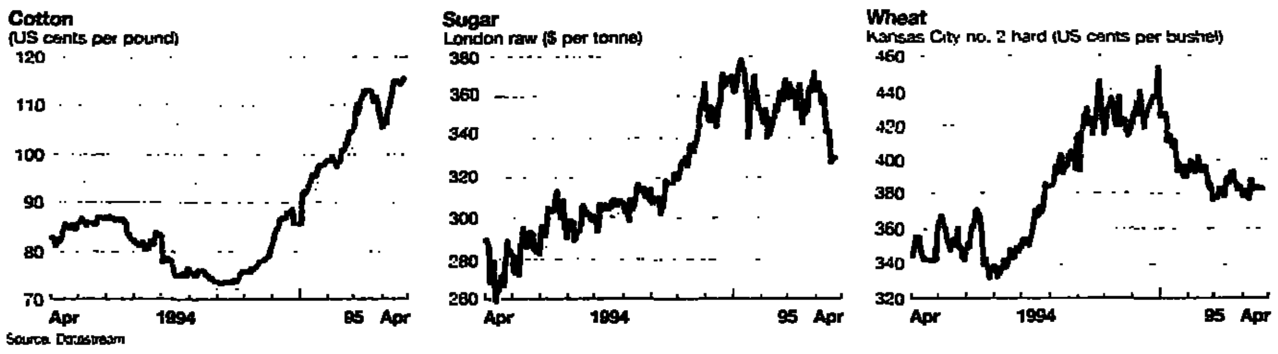
China's grain production this year is forecast to grow to 455m tonnes from 444.6m tonnes last year. Wheat output is expected to reach 105m tonnes, up from 103m tonnes in 1994.

Rice production is tipped to rise to 178m tonnes from 175m tonnes.

But in spite of an improving outlook for agriculture this year, China's surging demand for commodities means that the US in particular will reap substantial benefits.

With agricultural land being whittled away by China's economic boom there seems little likelihood of demand diminishing for imports of grain and other commodities. Changing consumer patterns are looming increasingly larger in shaping demand for a wider range of commodities.

China bounces world prices



Source: Datastream

High demand for corn will leave a forecast 2m tonnes shortfall

Social change complicates food equation

By Laurie Morse in Chicago and Richard Mooney in London

China's wheat consumption is still overwhelmingly met by domestic production, but, with so many mouths to feed, the country's shortfall of up to 15 per cent is an important factor in the world grain trade equation.

Over the past five years imports have ranged from less than 5m tonnes to nearly 16m, reflecting the fluctuations of the Chinese harvest.

According to the International Wheat Council, the London-based agency which monitors the global grain economy, use of wheat for food in China probably doubled in the 1970s and grew nearly as fast in the 1980s. More recently, as the typical Chinese diet has become more varied, the rate of growth has slowed markedly, to an estimated 2 per cent a year in the present decade.

The IWC puts 1994-95 consumption at a high of about 113m tonnes, with imports accounting for some 11m.

The outlook for this year's crop is "not promising", it says, and imports are likely to be needed to allow consumption at least to be maintained at the 1994-95 level.

The US Department of Agriculture is more bullish on China's wheat consumption, projecting that the country's wheat imports from all destinations will rise to 17m tonnes by 2005.

Mr Frederick Cook, a specialist on Chinese grain conditions at the department's economic research service, says China's wheat imports have tailed off recently because political reforms have encouraged the use of domestic stocks. "There is no longer any incentive for stocks to be held at provincial and local levels, so we believe they have been milling this wheat.

"That process is now winding up, and now we think they'll be back [in the world market] for more wheat."

The USDA's Beijing attaché estimates that Chinese wheat consumption rose to 115m tonnes this year, from only 106m in 1990, and projects that it will rise to 117m in the coming crop year.

China's wheat imports from all destinations are projected at 11m this year and at 10m next year by the USDA. That may be less than its peak a decade ago, but still comprises more than 10 per cent of the world's annual wheat trade. This year China has been the world's largest wheat importer.

Improving diets are also boosting China's meat consumption, which stimulates demand for grain as animal feed. The economic research service projects that if China's 1.2bn consumers eat 1kg more meat each year this will translate into 1.2m tonnes of extra meat consumption and demand for 4m-5m tonnes of additional feedgrain.

CHINA'S WHEAT IMPORTS (Millions of tonnes)

1989-90	12.9	
1990-91	9.6	
1991-92	15.9	
1992-93	6.7	
1993-94	4.5	
1994-95	11.0	(forecast)

Source: International Wheat Council

The effect was seen this year, when China moved from being the world's second-largest exporter of maize (after the US) to being a net importer.

Mr Ron Willis, director of international programmes for the US Meat Export Federation, says: "The Chinese are eating better now than ever before. But while meat consumption is up, they are also experiencing a loss of land – call it urban sprawl, or whatever". He says that this will increase demand for meat imports.

China currently prohibits imports of uncooked pork, which is the meat of choice for most people. However, there is evidence that substantial imports are making their way into the country by transhipments through Hong Kong. "About 3,732 tonnes of raw pork were shipped to Hong Kong from the US in 1993," Mr Willis says. "In 1994 that figure is 14,169 tonnes, and growing."

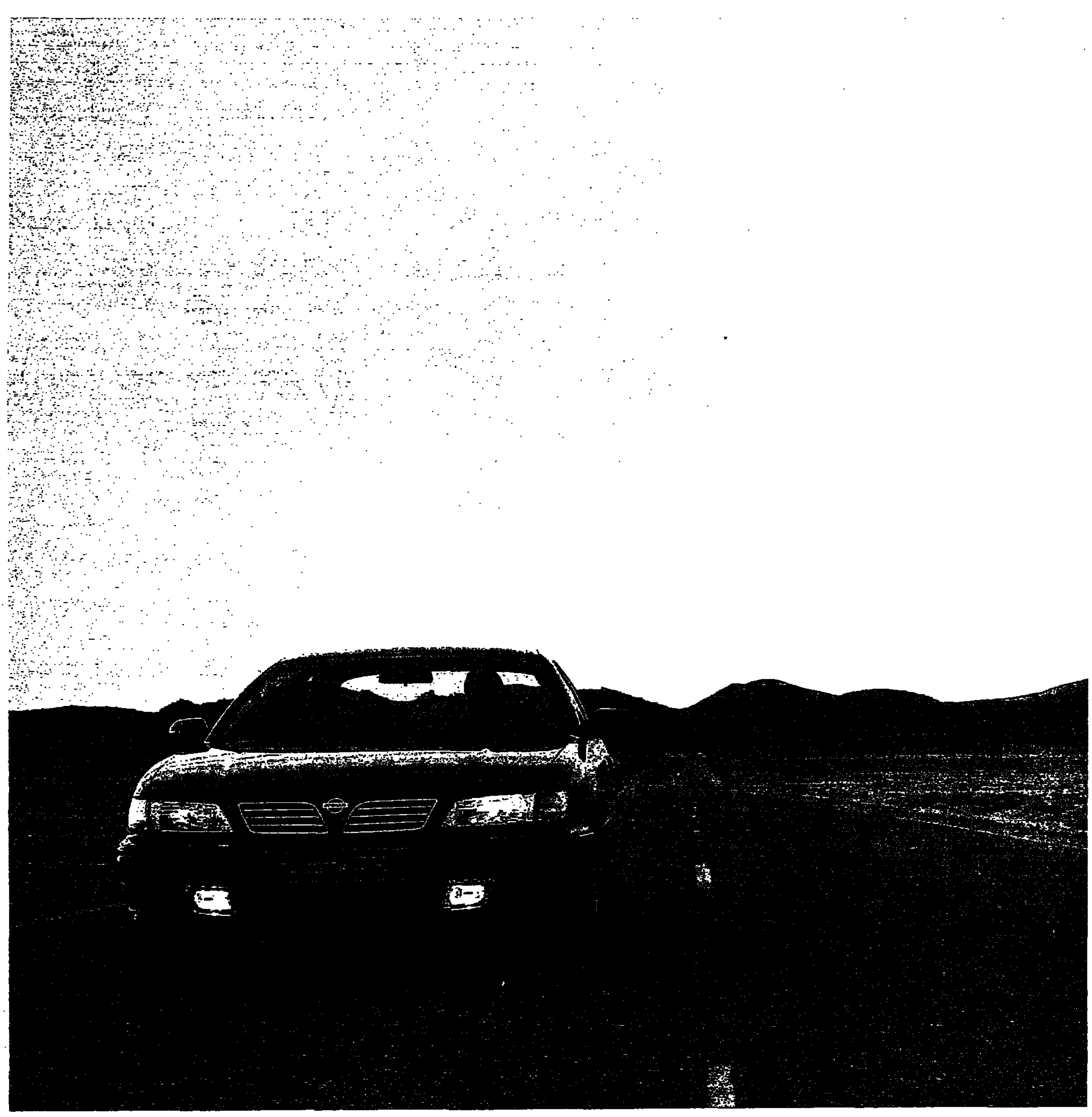
USDA figures show China consumes every bit of pork it produces. The department estimates China's pork consumption at 30m in 1994, and says production lags close behind at 29.8m.

Chinese imports are also an important factor in the world sugar market. London broker C Czarnikow recently estimated the country's 1994-95 sugar production at about 6.3m tonnes but projected its 1995 consumption at 8m tonnes.

The latest market report from E D and F Man, another London trade house, notes that world prices have been falling recently and might have been lower but for the Chinese mopping up supplies in the Far East.

But the purchases are believed to have more than covered China's supply gap and some of that sugar may soon be back on the market.

"The Chinese authorities have reportedly announced the intention to curb excessive sugar imports by the reintroduction of import quota limits," the Man report says. "The last time import quotas were introduced, in 1988, the government successfully managed to halt sugar imports."



Barclays chief welcomes appointment from Confederation of British Industry

Bank choice to be confirmed today

Downing Street is expected to confirm today that Mr Howard Davies, director-general of the Confederation of British Industry, is to succeed Mr Rupert Pennant-Rea as deputy governor of the Bank of England, our Political Editor writes. Mr Pennant-Rea resigned after revelations of an affair with a journalist.

Negotiations about the job were completed over the weekend and Mr Davies will take up the position in September. The announcement had originally been planned for later this week. However, the remaining formalities relating to his departure from the confederation were rushed through, following the disclosure in Saturday's Financial Times that he had been offered the position. Mr Davies was first asked whether he wanted the job almost a month ago by Mr Eddie George, the bank's governor, immediately after the sudden resignation of Mr Pennant-Rea. The appointment is made by the Queen on advice from the prime minister.

The appointment of Mr Davies was yesterday welcomed by leading bankers and financiers. Mr Andrew Buxton, chairman of Britain's biggest bank, Barclays, said: "He has been a good director-general of the CBI. He goes to the bank with an established reputation."

Sir Martin Jacomb, chairman-elect of insurance group Prudential Corporation, said: "I think it's a good choice. He has achieved much distinction in his previous roles".

The appointment comes at a time when the bank's functions are coming under increasing public scrutiny. Its bank supervisory role is the subject of an enquiry by the Board of Banking Supervision following the collapse earlier this year of the merchant bank Barings.

The Bank is also involved – with other European Union central banks – in the complex and controversial preparations for a single European currency.

Technocrat on whom fortune smiles

Robert Peston on a high-flier who once worked as an adviser to Citibank on opening British branches

Mr Howard Davies is a man on whom fortune smiles. His success over the past decade in moving from the Treasury to the management consultants McKinsey, then to the Audit Commission (the municipal spending watchdog) and then to the Confederation of British Industry owes something to his reputation as an apolitical technocrat.

But it might not have been so. In 1974 when he entered the Foreign Office, he applied to join the Labour party. However, the Islington branch rejected his application because of his refusal to join a trade union which was campaigning against a reorganisation of the Foreign Office which he favoured.

Since then he has impressed politicians of both the main parties, and was a special adviser to Lord Lawson when he was chancellor in the mid 1980s. More recently, Mr Tony Blair, leader of the opposition Labour party, has kept Mr Davies closely informed about the party's evolving economic and industrial strategy. But Mr Davies is also close to the Mr Kenneth Clarke, the Conservative chancellor of the exchequer, and to the prime minister. It was conspicuous on Mr John Major's recent trade mission to Israel that he has a relaxed and jovial relationship with Mr Davies, who was a member of the government party.

The decision on whom to appoint as deputy governor is Mr Major's – though formally the appointment is made by the Queen. Nonetheless, Mr Davies was first asked whether he would be interested in the job by the bank's governor, Mr Eddie George.

Mr George first came to know Mr Davies 15 years ago, when Mr Davies was a middle ranking official at the Treasury and Mr George held a similar position at the bank. Mr Davies was working on monetary policy and his particular brief was to broaden the range of gilt-edged stock issued by government – and sold by the bank – to include index-linked issues.

He quit the Treasury, for Mckinsey, in 1982, because he wanted to learn about management. Though he is not widely known in the City of London, he acquired a knowledge of the financial services industry at this time because most of his clients were banks and finance companies.

He advised Lloyds Bank on its trade finance and international operations and also the US bank, Citibank, on whether to set up branches in the UK.

However, his closest knowledge of the City came – unexpectedly – in his next job, as controller of the Audit Commission, from 1987 to 1992. Mr Davies discovered that a large number of local authorities had been attempting to swell their income by trade in complex financial instruments, called interest rate swaps and options on swaps.

Mr Davies received legal advice that these dealings went beyond the authorities statutory powers – so he became embroiled in long-running legal action to have the contracts declared null and void.

This brought him in to sharp conflict with the banks which had carried out the swap dealings, because they stood to lose profits running to hundreds of millions of pounds if the contracts were declared illegal.

It also put him at loggerheads with the bank, which was concerned that the City's international reputation would suffer if contracts were overturned which had been entered into by the bank in good faith.

Mr Davies was not to be deterred and he ultimately won the argument. Those bankers who dealt with him at the time do not bear a grudge. One said yesterday that Mr Davies was always amenable to argument – even if in the end, his loyalties were first and foremost to the Audit Commission.

Equally unexpectedly, he even managed to cement his relationship with the bank – and with Mr George – in his next job, as director-general of the industry lobby group, the Confederation of British Industry.

They initiated a routine whereby Mr Davies gives a presentation to Mr George every three months on the CBI's quarterly industrial trends survey. Mr Davies also welcomed bank officials as regular participants in meetings of the CBI's regional councils.

On the face of it, therefore, his appointment as deputy governor seems highly logical – almost inevitable. However, there are gaps in his knowledge of the bank's operations, all of which will report to him. For example, the supervision of banks – a task under scrutiny after the collapse of Barings – will be new to him.

Local elections mean more gloom for Tories

Next month's elections in municipal authorities will give all voters in England and Wales outside London a chance to register a protest to Mr John Major's conservative government, **John Authers** writes. Some Conservatives are so worried that they are portraying themselves as independents. But the elections will have little effect on the balance of municipal power. No counties or London boroughs – all of which are education authorities – will be voting next month, while only a third of seats in metropolitan boroughs, where Labour is in any case dominant, will be up for election.

Greatest interest is likely to attach to the shire districts, all of which have elections. District councils are the least powerful players in local government, with budgets roughly a quarter the size of county councils. But they provide potential for deep embarrassment for the Conservative party.

In spite of the party's poor showing in the past two local elections, Conservatives still have real strength at this level. They have overall control of 65 councils to Labour's 68. More headlines may attach to their total number of councillors. The Tories are defending 3,547, against Labour's 2,339.

When elections were last held in the wards up for election this time, in 1991, Conservatives fared well, taking about 35 per cent of the vote, within a percentage point of Labour.

As the map shows, this has left the party in control of a broad swathes of districts, with strong concentrations in the south-east and east, and surprisingly resilient pockets of strength in the Midlands. If the Conservatives' performance next week is in line with recent opinion polls, this means they could lose up to 2,000 councillors.

The precedent of the 1993 county council elections – which use a system of holding elections once every four years – is not encouraging. That left the Conservatives in control of only one county – Buckinghamshire.

In the metropolitan districts, the potential for swings between the parties is limited as Labour is already dominant, and only a third of councillors must face re-election. Labour would retain control of 12 metropolitan boroughs even if the party failed to win any of the seats up for election next month.

Again attention is likely to centre on headline-grabbing Conservative losses. Trafford, in Greater Manchester, is the only metropolitan borough the party controls outright, and it must hold nine of the 12 seats which come up for election this year to stay in control.

Mr Frank Dobson, the opposition Labour party's campaign organiser, has gleefully drawn attention to the fall in the number of Conservative candidates. In shire districts, where Labour is in the minority, the party says it is fielding more candidates than the Conservatives, with 6,995 candidates against 6,278. In 1991, Conservatives ran a total of 8,641 candidates against 8,602 for Labour.

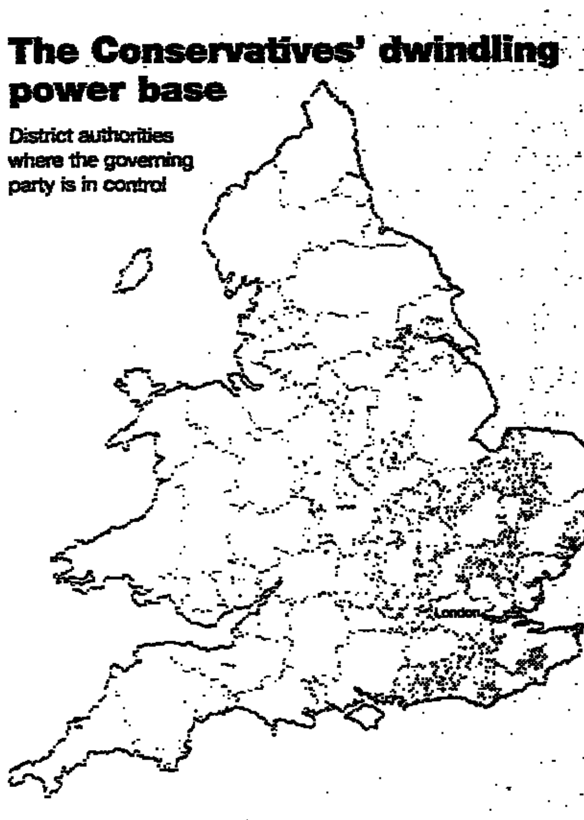
The enduring strength of non-party independents is another important factor. Most of them are closest to the Conservatives in political philosophy, and control 17 districts. This has made it easier for some incumbent Conservative councillors, anxious that their political label will be a handicap, to stand this time as independents.

Independents are strongest in rural areas where the Conservatives are trying to fight challenges from the Liberal Democrats, such as Cornwall, Devon and Shropshire. If more Tories change their labels, it will mean little change to local government, but more bad publicity for the Conservatives nationally.

As it seems certain that these elections will be judged primarily as a test of the government's national strength, this trend will do Conservative strategists no good at all.

The Conservatives' dwindling power base

District authorities where the governing party is in control



US-style investment companies will be proposed

By Alison Smith in London

The Treasury will set out its plans for an alternative to unit trusts within the next couple of weeks, heralding a shake-up in the UK investment industry early next year.

It will outline arrangements for the introduction into the UK of open-ended investment companies, a flexible form of collective investment common in mainland Europe and north America.

Some fund managers in the £100bn ($162bn) UK unit trust industry now say privately that because of the flexibility envisaged by the Treasury plans they intend to switch from unit trusts to Oeics in the domestic market.

They believe Oeics could quickly play an important part in the UK market because they will provide scope for offering a wider variety of investments within the same funds – for example through different charging structures and in different currencies.

The shift from unit trusts to Oeics could occur either as new funds are established or – if unitholders agree – by switching funds that are currently held as unit trusts. Fund managers' current emphasis on the UK market contrasts with their stance in 1993 when the prospect of allowing Oeics was raised.

Then they argued the change was needed primarily to enable them to compete more effectively in international markets where unit trusts are unfamiliar.

The Treasury paper follows extensive discussions with the financial services sector. However, several questions are still unresolved and consultation will take place over the summer.

Still undecided is a name for the new investment vehicles. There is a consensus within the financial services sector that "oiks" – as Oeics is pronounced – is unfortunate. But as yet there is no agreement on an alternative.

The Treasury is expected to canvass ideas for names which highlight the collective nature of the investments, such as "pooled investment companies" or "mutual investment companies".

MPs and peers are likely to debate legislation to allow the new form of investment soon after the new parliamentary session opens in November.

The Securities and Investments Board, the chief City of London watchdog, is responsible for setting the regulatory framework for Oeics to ensure that investors are properly protected. It is due to publish draft regulations over the summer.

The draft is also likely to cover the pricing of unit trusts. Oeics will be bought and sold at a single price, increasing the likelihood that unit trusts will also move to single-pricing. At present, potential investors in unit trusts see both an "offer" price, at which they can buy units, and a lower "bid" price at which they can sell.

Adams hints at street protests over deadlock

PA News in Belfast

Hopes of agreement on the surrender of weapons by the Irish Republican Army were dealt a fresh blow yesterday by Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA. He hinted at possible street protests by republicans over the British government's refusal to engage in face-to-face talks with Sinn Féin about the future of Northern Ireland.

Mr Adams, who had attended a meeting of his party's Northern Ireland executive in Belfast, told reporters: "The British have not shifted their position." He said there were "other options open" to republicans to show their anger.

He was speaking after Mr Peter Temple-Morris, a leading Conservative backbench MP, had predicted that ministers would talk to Sinn Féin "within the next two weeks". But Mr Adams said no evidence had appeared to support that prediction. "The British again appear to be hardening up their position on this issue," he said.

His comments were seen as significant because they coincided with suspicions by some Belfast enforcement authorities that Sinn Féin representatives had been involved in recent street demonstrations.

Mr Temple Morris, who is to join Sinn Féin representatives at the Forum for Peace and Reconciliation in the Republic of Ireland this week, said he believed any further delay could endanger the peace process. He said on BBC Radio in Northern Ireland that he would go to the forum "with the blessing of the government and by the unanimous decision of the Irish interparliamentary body in Dublin three weeks ago".

He believed Sinn Féin had to give the British government "a clear and reliable assurance that ministers' involvement will lead to constructive discussion – particularly on the question of decommissioning" of weapons. He expected negotiations on weapons "to happen within a couple of weeks".

Earlier, for the second time in a week, the Belfast police prevented anti-republican groups from parading through the city's mainly Roman Catholic Lower Ormeau district where the the groups were heavily outnumbered by republican protesters.

Mixture of emotions greets Aim

Christopher Price assesses views of the new exchange for smaller companies

With a diverse mixture of enthusiasm, bewilderment, indifference and regret, Britain's smaller companies are preparing for life on London's newest exchange, the Alternative Investment Market, which will open for business on June 19.

The variety of opinion is reflected in a survey of 15 of the highest valued companies trading on the 4.2 market, which will cease to exist when Aim commences. Only a third of those questioned said they intended to transfer to Aim, while the remainder were evenly divided between those undecided and those likely to go off-market.

There are several reasons for the mixed response, with the costs associated with moving to Aim prominent among them. Some companies' shares are traded on the 4.2 market only at the behest of shareholders. Resentment against having to pay the fees associated with moving to Aim – to brokers, lawyers, advisers, etc – has come largely from this quarter.

Mr Trevor Green, managing director of Jennings Brothers, said the Lake District brewery group would move to Aim only reluctantly. "We are disenchanted with the whole thing – partly because of the rushed timetable and also because of the high costs," he said. "We, like many other brewery groups, were very happy on the 4.2 and saw no reason to change. It's just making money for the lawyers and accountants."

Likewise, Southern Newspapers said it was "not enthusiastic" about Aim and was "more than happy" with the 4.2. "We're trying to look on Aim more enthusiastically, but it's difficult." A managing director of a Northern-based retail group said: "The fees we have been quoted are ridiculous in relation to our turnover and size. We are very unhappy and are likely to go off-market."

'It's just making money for the lawyers and for the accountants'

Ms Theresa Wallace, a senior member of the Stock Exchange Aim team, replied: "Those companies which trade infrequently on the 4.2 have the choice of going off-market. For those joining Aim, it will bring benefits, such as greater transparency and liquidity, and a higher profile."

She added that Aim had been devised to address some of the shortcomings of the existing secondary markets, in particular in offering young companies access to raising capital without some of the obligations and red tape of the full list, 4.2 and USM markets.

There are about 250 companies on the 4.2, which is used largely for trading on a matched bargain basis. A further 200 companies trade on the USM, which will continue for a further 12 months before companies must decide to move to Aim, or the full list, or off-market.

The less than enthusiastic response from some 4.2 companies has highlighted the difficult balancing act being undertaken by the Stock Exchange, on the one hand, it has had to respond to hostile institutional investors, who have insisted on greater scrutiny of Aim companies by advisers and whose support for the new market is vital. On the other hand it has been attempting to stay true to Aim's original premis of keeping costs and red tape down for young and growing companies.

Mr Mark Kemp-Gee, chairman of Greig Middleton, the stockbroker, believes that the Stock Exchange's fresh emphasis on the responsibilities of advisers and brokers following institutional pressure was forcing reputable brokers to pass increased costs on to clients.

"We are being compelled to bring Aim companies up to full listing standard in many ways," he said, adding that the cost of bringing a company could be about £75,000, double the figure being suggested by some at the Stock Exchange.

Ms Wallace advised potential entrants to shop around. "Our consultations told us that we needed a level of verification, which the nominated adviser will do. But the costs of this will very much depend on the circumstances of the company."

More than 150 institutions, including stockbrokers, accountants, solicitors and bankers, have applied to be on the exchange's list of nominated advisers. These posts replace the role of sponsor, which would normally scrutinise a company's accounts and prospectus on behalf of potential investors.

This is designed to make joining Aim cheaper and easier. The new market will impose no minimum on the percentage of a company's shares in public hands, no minimum market value and no minimum trading record. Nor will the Stock Exchange look at a candidate's corporate CV.

Despite the rumblings of discontent from some 4.2 quarters, would-be advisers, in particular brokers specialising in smaller companies, report a growing amount of interest from new companies in Aim.

NEWS: UK

The Establishment at bay: MPs investigate Queen and church

Costs of royal household will be challenged today

By John Kampfner, Westminster Correspondent

A constitutional dispute may erupt today when the House of Commons public accounts committee demands that senior government officials release specific details about the finances of the royal household.

The all-party committee, which audits government expenditure, will hear evidence from Mr Hayden Phillips, permanent secretary at the Department of National Heritage, and Mr Michael Peat, director of financial and property services for the royal household.

Mr Alan Williams, a member of the committee from the opposition Labour party, said his investigations into "grace and favour" accommodation granted to employees of the royal family had been "dogged by confusing, evasive and inaccurate information" from officials.

The committee will be presented with an updated memorandum from the National Audit Office, the public spending watchdog, whose preliminary report last December revealed that 285 properties were available to members of the royal family and their staff at public expense. The properties include houses and apartments at royal properties such as Hampton Court Palace and Windsor Castle, and residents are charged rents far below market rates.

Pomp and circumstance at last year's state opening of the parliamentary session by the Queen: the cost of adhering to traditional ceremonial is increasingly being challenged

The December report also gave some salary levels and disclosed that 40 apartments had been refurbished over the year at costs of between £25,000 ($40,500) and £400,000 each.

Following that report, Mr Williams wrote to Sir John Bourn, comptroller and auditor-general (head of the audit office), asking for more information about the job descriptions of the royal employees, including the number of hours worked, as well as more details about the allocation of accomodation and levels of rent.

During an exchange of letters lasting four months, Sir John conceded that he had no direct access to information about royal staff paid from the Queen's civil list, which is audited by the permanent secretary (chief official) to the Treasury. The civil list consists of sums of public money voted by parliament to specific members of the royal family. Further enquiries through the Department of National Heritage produced few more details.

Mr Williams insists that as the cost of furnishing and repairing the properties comes from the budget of the heritage department, the committee has a right to know.

"The palace is digging its heels in and stopping parliament asking fairly innocuous questions," he said yesterday. "Parliament is entitled to know what we are paying for."

Labour members of the committee have been pressing for some time for greater openness on royal expenditure. Mr Williams said he and his colleagues will use today's hearings to try to prise out more information.

Commissioners under fire

John Plender on 'a textbook case of how not to go about investigating and restoring confidence in a troubled financial institution'

When a body whose officers include the prime minister, the archbishop of Canterbury, the chancellor of the exchequer and the attorney-general manages to lose several hundred millions of pounds, it might be thought to merit a rigorous independent investigation. The curious thing is that, in the aftermath of the extraordinary financial debacle at the Church Commissioners, it has been left to the House of Commons social security committee to do something that approximates to that job. Last week the committee issued a scathing report about the finances of the Church of England, the Protestant Church of which the Queen is head.

True, the Lambeth Group, a collection of eminent people that was asked to make recommendations on the governance of the Commissioners after the revelation of losses of up to £800m ($1,296), gave its verdict more than 18 months ago. But as the Commons committee pointed out in last week's report, the group contained no fewer than four sitting commissioners as well as the deputy chairman of the asset committee which was chiefly responsible for the disaster. The members were thus largely reporting on their own stewardship of the money they mismanaged on behalf of the Anglican clergy.

Meantime, a detailed inquiry was undertaken by Coopers & Lybrand, the same firm which acted as accountant and auditor to subsidiary companies that undertook loss-making property developments.

An actuarial review of the Commissioners' pension liabilities was carried out by the firm of R. Watson. Mr Howard Gracey, its recently retired senior partner, is criticised by the Commons committee, in his capacity as chairman of the Church of England Pensions Board, over inadequate projections of the Commissioners' income and expenditure.

While some of those responsible for the losses have retired, most notably Sir Douglas Lovelock, the former first estates commissioner, it remains astonishing that no one saw fit to resign.

This looks like a textbook case of how not to go about investigating and restoring confidence in a troubled financial institution. To that extent, the decision by Mr Frank Field, the social security committee's chairman, to interpret his remit somewhat flexibly in choosing to probe this tax-exempt charitable institution, which is part investment trust, part pension fund, looks justified in the public interest.

For while the reports commissioned by the archbishop of Canterbury contained sensible enough recommendations, they did not explore all the contentious issues. The choice of people and firms also looked undesirably cosy for the purpose of dealing with a failure of accountability that must rank with the one that nearly sank the Crown Agents 20 years ago.

There has admittedly been *no suggestion here of fraud*, and Coopers was not asked to look for it. But as the Commons committee remarks: "The Church Commissioners proved such an easy target to developers to whom they entrusted vast sums of capital that fraud was probably superfluous."

No doubt this additional attention is irritating for the Commissioners, who are trying to put their affairs back into good order under industrialist Sir Michael Colman. But it is a bit rich for them to accuse the committee of selective reporting, as they did last week.

This, after all, was an institution which made an egregious error of asset allocation by putting too many eggs into one basket, property, and then compounded the error by borrowing to finance speculative development at the peak of the market in the 1980s in spite of being a closed fund with no new cash flow. It then tried to blame the resulting financial disaster on the recession – a case of selective reporting if ever there was one.

Worse, the select committee reveals that the archbishop of Canterbury himself – chairman of the Commissioners – discovered the extent of the crisis only by reading about it in the Financial Times.

The report, on which Mr Field's personal stamp is much in evidence, does not mince words. It accuses the Commissioners of complacency over their losses and of questionable ethics in their use of creative accounting. The outcome, it claims, has done irreparable damage to the Commissioners' finances just as the clergy's pension liabilities, which have not previously been the subject of a full actuarial assessment, have been increasing at an alarming rate.

Mr Field believes that the erosion of the Commissioners' income and capital threatens to destroy the parish system of the Church of England. And since one of the Commissioners' functions is to cross-subsidise poorer parishes, he argues that the attrition will start with more church closures in the inner cities.

His committee does not want to let all of the sleeping dogs lie. It calls for an investigation into a joint venture with Imry Merchant Developers where the Commissioners, advised by agents Chesterton, spent £80m on a speculative development with no planning consents. The value has had to be written down substantially. A proper examination of the terms of this and other developments, which appeared surprisingly generous to the entrepreneurial partners involved, was a conspicuous omission from Coopers' report.

The committee also endorses the Lambeth Group's recommendation for the establishment of an independent pension fund and makes sensible recommendations for a more streamlined system of reporting and governance for the Commissioners.

How far this can contribute to the resolution of the Church's immediate financial problems is another matter. While the archbishop of Canterbury's softly, softly approach and his desire not to attribute blame are understandable, it is not a strategy best designed to convince disillusioned parishioners that the stables have been properly cleaned out. So far, these donors of last resort have failed to plug the hole in the Commissioners' finances.

That suggests that the Commons committee may be all too correct in asserting that this extraordinary saga has done irreparable damage to the interests of the established church.

UK NEWS DIGEST

Queen gives ancient honour to Thatcher

The Queen has made Baroness Thatcher, who was prime minister from 1979 to 1990, a Lady Companion of the Most Noble Order of the Garter. The order is still limited in Britain to 24 members more than 600 years after it was founded by King Edward III to include his son, Edward, the Black Prince, and 24 trusted companions. But it was only in 1987 that membership was opened to women. The announcement was timed to coincide with St George's Day yesterday. St George is the patron saint of England and of the order. Its motto is Honi Soit Qui Mal y Pense (Shame on him who thinks evil of it), the line of medieval French which still appears on the royal arms.

Lady Thatcher is the second woman to join the order; the first was Lavinia, Duchess of Norfolk, who was appointed in 1990. It already includes several former prime ministers, and most European monarchs and the Grand Duke of Luxembourg have been enrolled in it as Extra Knights Companions. *Hugh Clayton*

Praise from Labour for rival

Mr Tony Blair, leader of the opposition Labour party, risked provoking fury in his party by stating that Baroness Thatcher, the former Conservative prime minister, had the "admirable quality" of being "a thoroughly determined person". But he said in an interview with The Sunday Times that Lady Thatcher was a "better destroyer than creator" who had alienated a large section of society. "It is important in politics to have a clear sense of purpose and direction, to know what you want," said Mr Blair. "Britain needed change at the end of the 1970s. Had the left-of-centre reshaped itself in the 1960s and 1970s it could have offered that change. I believe Mrs Thatcher's emphasis on enterprise was right. Where she went badly wrong was in being indifferent to the consequences of social breakdown." Mrs Thatcher defeated the last Labour government in 1979 and the Conservatives have been in power ever since. She was made a baroness after ceding leadership of the Conservative party to Mr John Major in 1990. *PA News*

Plea for remembrance

Flight Lieutenant John Nichol, a Royal Air Force navigator shot down in the 1991 Gulf war, backed a campaign to restore the largely lapsed two minutes' silence in remembrance of Britain's war dead. Flt Lt Nichol, who with was shot down with his pilot, captured and tortured by the Iraqis, symbolically halted traffic in London's Pall Mall to mark the launch of the Royal British Legion's "A Thousand Silences" campaign.

The two minutes' silence was introduced at the end of the first world war and was observed on the 11th hour of the 11th day of the 11th month to mark the anniversary of the 1918 Armistice. Almost everything, including traffic, stopped for two minutes. After the second world war, Remembrance moved to the nearest Sunday to November 11 and subsequently changed to the second Sunday in November.

Mr Ted Jobson, legion chairman, said today: "Those two short minutes have become eroded so that unless you are actually participating in a Remembrance Sunday ceremony, you would hardly be aware of those fleeting moments." The Legion is campaigning for the silence to be observed at 1,000 locations around the country at May 8 to to mark the 50th anniversary of the end of the second world war in Europe.

Flt Lt Nichol by the Guards Memorial in London

Fl Lt Nichol, now serving with 11 Squadron, said: "The legion doesn't just care for veterans of the second world war, but also veterans of my generation injured in conflicts closer to home such as Yugoslavia or Northern Ireland. That is why it is so important for all generations to remember and honour the two minutes' silence." Since 1945 there has been only one year, 1968, in which no British military personnel have lost their lives on active service. *PA News*

Fear of closure is scorned

LLOYD'S
LLOYD'S OF LONDON

Lloyd's of London reiterated its aim of announcing the terms of a deal with Names, the individuals whose assets have traditionally supported the insurance market, by the end of next month. Dismissing speculation that it could be forced to close to new business at the end of this year because many Names either would not or could not meet their commitments, Lloyd's said it was trading and intended to continue doing so. "All aspects of our operations are currently under review. The Council of Lloyd's has made no final decision on the future of any part of the business," it said. *Alison Smith, Financial Service Staff*

Freak blizzard: A group of teenagers had to be led to safety from Dartmoor in south-west England after being caught in freak spring blizzards. The ten young people, all aged 14 or 15, became lost after camping on the Devon moor and huddled in deep snow until found. Snow more than an inch deep is rare in southern England so late in the year.

Street funeral: A memorial service for a murdered black teenager was held on a pavement in a street in south-east London. A multiracial congregation of about 300 people gathered for the unveiling of a plaque in memory of Stephen Lawrence, who was stabbed to death two years ago at the age of 18 – allegedly by white youths. The service was attended by local church leaders and politicians.

Six-day working in mine is scrapped

By Michael Smith in London

RJB Mining, the coal company, is to abandon the six-day flexible working week at its pit at Asfordby in central England. The move ends an experiment which British Coal, the mine's previous nationalised owner, once believed could transform the efficiency of mines throughout the UK.

Asfordby's six-day week, negotiated with the Union of Democratic Mineworkers in the late 1980s, was intended to be a model for other mines. British Coal believed productivity would rise by 20 per cent.

However, opposition from the larger National Union of Mineworkers means that it never caught on. And now RJB Mining, which bought British Coal's English mines in December, has decided it can run Asfordby more efficiently by introducing the five-day week which remains the norm throughout the industry.

After initial resistance, the pit's 400 employee miners have voted in a secret ballot to accept the new arrangements. They have also agreed to an increase in the working year from 1,885 to 1,950 hours, with the extra hours counting as overtime. The changes will will be implemented next month as the pit, the last to be sunk by British Coal before pits were privatised, steps up production. Asfordby started producing coal last month and RJB expects eventually to produce 2m tonnes of coal a year from it. Mr John Whyatt, colliery manager, said that the system had proved to be an inefficient use of labour.

Stores adopt 'ethical' stance to allay consumer fears

By Neil Buckley in London

The CWS, Britain's largest co-operative retailer, is adopting an "ethical retailing" stance in its 700 stores after a survey showed that three in five consumers were prepared to boycott products or stores over concerns about their ethical standards.

The move follows the success of the "ethical banking" policy adopted by the CWS's Co-operative Bank, and will put pressure on other large grocery retailers to follow suit.

The CWS, formerly known as the Co-operative Wholesale Society but now mainly a retailer, will be the first to label own-brand factory-farmed eggs as "intensively produced". It says intensively produced eggs are often packaged in a potentially misleading way as "country" or "farm fresh" eggs.

The CWS is also imposing an eight-hour maximum transportation time for live animals, and launching a series of customer information leaflets giving facts on controversial products, issues and campaigns.

All CWS products will carry a freephone number and freepost address for enquiries, and, breaking the practice of most large grocers, the CWS will give out the names of manufacturers of its own-label products to any customers who enquire.

Products and manufacturers with high ethical standards will be highlighted by shelf-edge cards and leaflets. "Consumers have become much more concerned with intangibles," said Mr Bill Shannon, general manager, Co-op Brand. "People are starting to ask 'How did this product get here and what can I do about it?'"

In what CWS believes is the largest-ever independent survey of ethical concerns, carried out on its behalf by Gallup, 33 per cent of 30,000 consumers interviewed said they had boycotted stores or products in the past because of concerns about their ethical standards. Sixty per cent said they were prepared to boycott in the future.

Some 57 per cent of those surveyed said they were more concerned about ethical issues now than five years ago – suggesting that the rise of the "green" consumer in the late 1980s was not a passing fad – and 76 per cent said they wanted retailers and manufacturers to give them fuller facts about products which involved cruelty to animals or damage to the environment.

More than 70 per cent of respondents said retailers had a responsibility to animals, and said environmental issues were of "major concern" to them.

In addition to its animal welfare and environmental initiatives, CWS aims to give clearer nutritional information on products. It will display the fat and calorie content per serving on the front of all own-label products, and declare the content of trans fatty acids.

THIS WEEK

FT GUIDE TO
INTERNATIONAL MONETARY CO-OPERATION

What is there to co-operate about?
In recent decades the economies of different countries have become much more interdependent. Goods and services are increasingly traded in world markets rather than solely within their country of origin. Investors are also much more willing to buy shares and bonds overseas in order to seek higher returns than those they can get at home. This greater openness means that countries are affected much more by commercial or financial events elsewhere than in the past. As a result, one government's policies will have spillover effects that may make it more difficult for governments in other countries to achieve their policy objectives.

Give me an example.
Helmut Kohl, the German chancellor, launched a stinging public attack on President Bill Clinton last week for allowing the US government to borrow too much. The chancellor believes this has helped to weaken the dollar, as has the Federal Reserve's reluctance to raise US interest rates. Kohl's outburst was prompted in part by the politically disquieting squeals of pain emitted in recent weeks by German exporters, for whom a weak dollar compared to the D-Mark means their goods and services are more expensive for US consumers to buy.

If the US does not want to raise interest rates or cut government borrowing more, why should it?
Well, the International Monetary Fund argues that the dollar has fallen much lower against the D-Mark and the Japanese yen than is warranted by underlying economic conditions in any of those countries. So everyone is worse off: Japan and Germany suffer because they find it more difficult to export; the US suffers because a weak dollar raises import prices and thus increases the incipient upward pressure on its inflation rate. The IMF thinks the Germans and Japanese have been wise to cut their interest rates in recent weeks, as this makes their currencies less attractive relative to the dollar. But it thinks the psychological impact of those moves on the currency markets would have been greater if the US had raised rates at the same time as part of a co-ordinated attempt to halt the dollar's fall.

Why didn't the US co-operate?
The last two months of economic data in the US have indicated that recovery there is slowing, suggesting that a rise in rates might not be needed to keep inflation down. Some economists fear that higher rates might even help push the US into recession next year. There is also no guarantee that any realistic rise in rates would shake the market out of its gloom over the dollar. The same goes for airy promises to take an axe to the budget deficit.

So all this talk of international monetary co-operation is baloney? Countries will do what seems right for themselves?
In most cases that is probably true. The economist Benjamin Cohen says international monetary co-operation, like passionate love, is a good thing but difficult to sustain. "For all their promises to curb unilateralist impulses, the governments frequently honour the process more in word than deed," he says. Co-operation can take lots of different forms, of course. At one extreme, finance ministers may simply swap thoughts twice a year over a decent Chablis. At the other, they may agree to fix their exchange rates irrevocably.

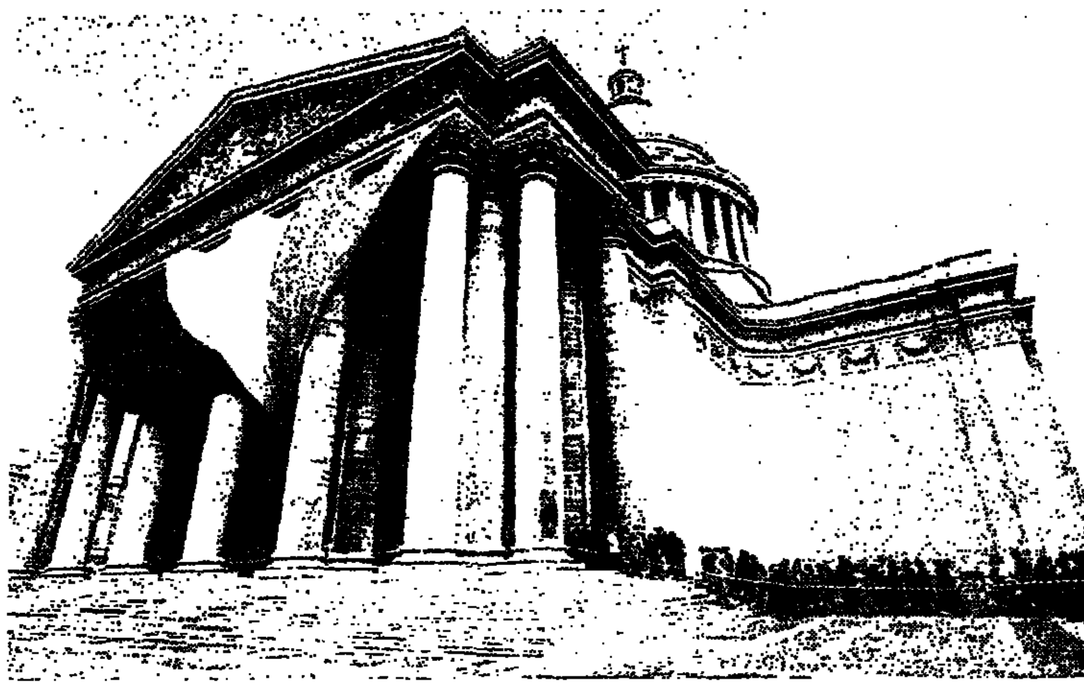
Has co-operation worked in the past?
It is difficult to judge, because you do not know what would have happened if it had not taken place. The enthusiasm for co-operation in the last few years was rekindled by the Plaza agreement of September 1985. This concluded that the dollar was too strong and supported that assertion with co-ordinated sales of dollars by leading central banks. Advocates of co-operation say it succeeded in turning the dollar round. But sceptics note that the dollar had already been falling for six months before the agreement was reached. The advocates come back again and say that the agreement had in effect been put in place by a meeting of the Group of Five in Washington at the start of the year.

That sounds rather inconclusive. Any other evidence?
One academic study attempted heroically to calculate the beneficial impact of fiscal and monetary co-operation between the US, Germany and Japan in the mid-1970s. It concluded that co-operation had been worth just half of 1 per cent of gross domestic product in each country. People have quibbled about the numbers, but even advocates of co-operation rarely argue that the pay-off is huge.

What about the lessons of Europe's exchange rate mechanism?
They can be read in two opposing ways. Opponents of co-operation might argue that the performance of the ERM in the early 1990s demonstrated that subordinating national objectives to international agreements can do severe damage, forcing countries into deep and protracted recessions as they struggle to defend fixed exchange rates. But the contrary view argues that the ERM demonstrates the dangers of failing to co-operate, as those countries which refused to allow the D-Mark to be revalued within the system were putting their own desire to appear tough above the needs of other members.

So what can we expect when the finance ministers of the Group of Seven leading industrial nations meet in Washington tomorrow?
More words than deeds. The chances are that there will be a united front asserting that the weakness of the dollar is not justified by economic fundamentals. There might even be some half-hearted co-ordinated buying of dollars by central banks. But there is not much chance of the sort of co-ordinated action on interest rates and budget deficits which the IMF thinks the dollar needs.

Robert Chote in Washington



Thousands queue outside the Panthéon on Saturday to see the Curies lying in state before their cremation

EPA

Curies to the Panthéon

DATELINE

Paris: there was profound symbolism in the scientists' move to the shrine, writes **Andrew Jack**

The French may have abolished God and dethroned their monarchs during the Revolution, but they seem to have wasted little time in coming up with some impressive substitutes.

Take a rather bizarre ceremony that happened last Thursday afternoon in central Paris. Passers-by intrigued by the large crowds in the area would have come across an extraordinary sight if they managed to get within view of the festivities.

A huge white carpet stretched from the Luxembourg Gardens up the Rue Soufflot to the steps of the monolithic Panthéon building. Beneath an enormous billowing French flag spanning the entrance were two coffins on glass stands, holding the remains of Marie and Pierre Curie, the Nobel Prize winning scientists who had just been carried up the road and into position.

Between them and the crypt of the Panthéon, to which they were to be transferred, sat a group of dignitaries framed by a modernistic grid. At the centre was President François Mitterrand, the man responsible for all that was happening, with President Lech Walesa of Poland (Marie Curie's country of birth) to his right. This was clearly not an event to be taken lightly. It was only hours before French presidential candidates were to hold their last rallies ahead of yesterday's first round of voting. Yet Edouard Balladur, the prime minister struggling in third place in the polls, was there alongside Mitterrand.

Also present was Jacques Chirac, the mayor of Paris who is the presidential front runner, significantly relegated to sitting in a group to one side of the Panthéon. Lionel Jospin, the socialist candidate, was absent, pleading campaign commitments. But Robert Hue, the Communist party's choice, had come.

The ceremony had many of the elements of a religious service: imagery, respectful silences, a contingent of the Republican Guard to carry the coffins, a selection of soliloquies and appropriately sombre music. There was just one problem.

The Curies were free thinkers, and in agreeing to last week's disinterment their descendants had insisted that these views were respected: there should be no religious overtones.

That was not going to prevent some indulgence from the officially secular French state. The white carpet, the organisers said, represented one of a series of fundamental colours used in the ceremony to reflect the discovery of chemical elements and the science of radiography that the Curies pioneered.

The procession accompanying the coffins along the road included contingents of science students and pupils from schools named in honour of the Curies. All were dressed in carefully chosen colours, and some clutched objects portraying radium, polonium or other fruits of the couple's research.

The Panthéon is no stranger to such events. Built as the church of St Geneviève, patron saint of Paris, it was appropriated soon after completion at the time of the Revolution. Since then, it has bounced episodically with changes of regime between imperialistic Catholic and secular republican shrine.

During the short-lived second republic in 1851, in the ultimate vision of the supposed triumph of science over religion, it was used as the site for Foucault's pendulum to demonstrate that the earth rotated on its own axis. But gradually the crypt beneath has been filling with heroes appropriated by the republic: Rousseau and Voltaire, Zola and Hugo, Louis Braille. There are five who had just their hearts transferred, and one present only "spiritually" because his remains could not be found. The total has risen to 71 with the addition of the bodies of the two scientists (once tests had shown they were not dangerously radioactive).

Although the Panthéon is just around the corner from the Curie Foundation and the Curie Hospital, Marie had been left in a cemetery outside Paris since her death in 1934. One reason was undoubtedly sexism – a fact symbolised by the inscription above the entrance to the building: "To great men, the homeland recognises you."

That was certainly the clearest point President Mitterrand wanted to make last Thursday. Always gifted with fine timing, the president had announced on International Women's Day last year his intention to find a female for the shrine. It was the Curies' family which insisted that her husband lie alongside her.

But there was a more profound symbolism in the ceremony for Mitterrand, for in 1981, just after his election as president, he famously walked to the Panthéon clutching a red rose, in order to pay homage. It was Mitterrand who called for a renewed tradition of national funerals. And it was Mitterrand who, as president, has been sole arbiter of who has been honoured in this way, a power he has used half a dozen times during his term, after a pause since the previous transfer under Generale de Gaulle of Jean Moulin, the Resistance hero, in 1964.

What does it all symbolise? The actions of a grandiose quasi-monarch? The search for deeper meaning in a secular state? The reflection of the need for unifying symbols in a country that has known such frequent political disruption and constitutional change? Perhaps these factors explained why people queued up in their thousands outside the Panthéon on Friday and Saturday to see the Curies lying in state before their cremation. There again, as a security guard at the site suggested, there might be a simpler reason. The normal entrance fee was waived for the two days, and the French could pay homage to their heroes for free.

PEOPLE

Bischoff ready for take-off

Michael Skapinker talks to the next chairman of Dasa

The Stuttgart headquarters of Daimler-Benz are all that the experts suggest modern corporate buildings should be.

Watching expensively-dressed employees wandering through, it is hard to see why they should be so worried. But they are, by the sorts of things outsiders find difficult to believe about Germany: that the country dislikes technology, that other companies do not give them enough respect, and that their currency is so strong.

Jürgen Schrempp, outgoing chairman of Daimler-Benz Aerospace (Dasa), said last week that Germans were too sceptical about technology. He also said the strength of the D-Mark against the dollar could drive Dasa factories out of Germany.

Manfred Bischoff, his successor, will have to deal with the consequences when he takes over as head of Dasa, Europe's biggest aerospace company, next month. The dollar's weakness hits Dasa harder than the group's other businesses, such as Mercedes-Benz vehicles. Airlines pay for aircraft in dollars, which make up 74 per cent of Dasa's revenues. Only 24 per cent of its costs are in dollars, with almost all the rest in D-Marks.

Schrempp and Bischoff, currently Dasa's finance director, will continue to see each other; Schrempp next month becomes chairman of the Daimler-Benz group.

The walrus-moustached Bischoff, 53, says he and Schrempp had to decide how to run Dasa together in the meantime. "There's always this problem people have: do they go to the old guy or the new guy? We decided on a principle: whatever answer they get from either of us is right, and then we tell each other what we said."

Bischoff, who studied law and economics at Tübingen and Heidelberg Universities before joining the Daimler-Benz mergers and acquisitions department in 1976, says his thinking is similar to Schrempp's. There is only so much an individual manager can do: the future of Dasa is dictated by the market. Aircraft sales are weak and buyers are in a position to dictate prices.

Schrempp, presenting Dasa's results for the last time last week, warned Germany could not sustain its aerospace industry if the dollar remained so weak against the D-Mark. Dasa made a DM438m loss in 1994 and will not make a profit this year unless the dollar strengthens. Schrempp said Dasa might have to start manufacturing in weaker currency countries.

Aerospace executives elsewhere in Europe believe Bischoff will not shrink from making these difficult choices. "He's a very hard commercial businessman in an industry which has not had a history of clear-thinking commercial judgment," says one executive.

When it comes to closing German factories, however, Bischoff makes it clear that neither he nor Daimler-Benz can make the decision alone. "To switch from locations in Germany to locations in other countries is a political question, a question that has to be discussed in Germany," he says. "We've started that discussion on a political level. We've started it in public. It's a very basic question of what industrial structure Germany has: what kind of industries do we want in Germany and what do we say we can let go?"

When the time comes to manufacture abroad, Asia will be an obvious choice, but Bischoff says the region does not yet have much aerospace expertise. It is possible, he says, that Dasa might consider manufacturing in weaker currency European countries – such as the UK, Italy or Spain – which do have aerospace expertise.

European cooperation is nothing new to Dasa. It is, along with Aerospatiale of France, a senior partner in the Airbus Industrie manufacturing consortium. The two groups each own 37.9 per cent of Airbus. British Aerospace has 20 per cent and Casa of Spain 4.2 per cent.

Germany was a strong supporter of Airbus from its start in 1970, whereas the UK dropped out of the consortium for several years. It therefore rankles in Germany that BAe now manufactures the wings for Airbus, a highly-skilled business, while Dasa is stuck with the relatively hum-drum task of making the fuselage. Aerospatiale has cornered the other high-technology portfolio in Airbus – making the cockpit.

Bischoff: difficult choices

Bischoff says this cannot continue. "We would like to produce one of the major components, one of the strategic components. And one thing's for sure: we don't see the fuselage as a strategic component."

But BAe has made it clear it wants to carry on making wings. How does Dasa plan to change that? Says Bischoff: "We're discussing it with our partners. There are conflicting interests, but I'm optimistic that our partners in Airbus know that it will not be possible over time to keep Daimler-Benz in a position where we don't have a stake in strategic components, whether it's wings or something else."

NAMES IN THE NEWS

At Singapore Telecom, the son rises with alacrity

In Singapore it is very difficult to keep a good Lee down, writes Kieran Cooke. Lee Kuan Yew, though he gave up his position as prime minister in 1990, is still very much the power behind the throne.

Lee Hsien Loong, Lee's eldest son, is a deputy prime minister who is looked on as a leader of the dynamic republic in the not too distant future. Now youngest son Lee Hsien Yang has been made president and chief executive of Singapore Telecom, the biggest corporation in the country. Lee minimus, like Lee minor, is a brigadier-general in Singapore's armed forces.

Hsien Yang's elevation through Telecom's ranks has been extremely swift, even for someone with a first class honours degree in engineering from Cambridge University. He only joined the group in April 1994.

When a 10 per cent stake of Singapore Telecom was floated in late 1993 punters gave it a staggering S$55bn ($37bn) valuation. That made the group into one of the world's top 30 corporations – on par with British Telecom and above such giants as Ford and Unilever. Not bad going for a 37 year old.

Bausch's peace for Luxembourg's SES

Peace at last at SES, the Luxembourg-based satellite television company which runs the Astra satellite system, writes Raymond Snoddy. Romain Bausch, 41, a Luxembourg civil servant, has emerged as its new director general.

The company – which operates the most successful satellite television company in Europe – has been through a period of managerial turmoil, after the resignation of the founding director general Pierre Meyrat was sought by the board last October.

The key job, as SES embarks on launching three digital satellites which will offer 500-channel television to Europe, was first offered to Richard Dunn, former chief executive of Thames Television.

Bausch is president of the Luxembourg state-owned bank and SES shareholder Societe Nationale de Credit de d'Investissement. The new director general, who takes over on May 2, will also chair the management committee. He has been an SES board member and vice chairman for five years.

Bowman heads home to Coles Myer

Philip Bowman's decision to chuck up a big job at Bass, Britain's leading brewer, and join Coles Myer, Australia's biggest retailer, has set the rumour mills going on both sides of the world, writes Nikki Tait.

Bowman's sudden exit from Bass, where he ran its retail division, prompted speculation that there had been a row. At 42 he was the youngest executive director on the Bass board and a contender to be chief executive, if Ian Prosser, 51, ever decided to split his role.

In Australia, the news also came as a shock. Few had realised that 56-year-old John Barner, the former Citibanker and most credible member of Coles Myer top team, had wanted to retire as finance director.

But given the recent scale of upheavals at Coles – Brian Quinn, its former chief executive and a pillar of the Melbourne establishment, is currently contesting theft and conspiracy charges in the Victorian courts – this one barely registered on the Richter scale.

For Bowman, a native Melbournian, the chance of returning home and helping to re-build one of the world's most powerful retailers seemed too good an opportunity to pass up. Who knows, if he stays the course he might stand a better chance of getting the chief executive's job at Coles Myer than he did at Bass.

French banker turns headhunter

Marc Viénot, chairman of Société Générale, has made something of a name for himself in turning his bank into one of the best-run in France, writes Andrew Jack. Now he is using his broader reputation as a well-connected executive to take on a new role: headhunter – with a difference.

His new job is acting head of Alcatel Alsthom, the French industrial group which was forced to replace Pierre Suard, its chairman, last week pending criminal investigations that have banned him from contact with the company.

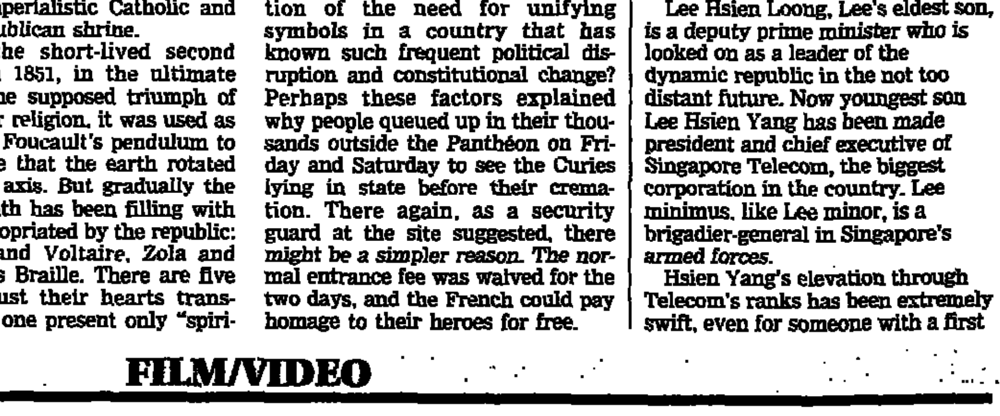
Viénot got the job because Société Générale holds 9 per cent of the voting rights. But it is his excellent contacts book that makes him so suitable. He has until July 31 in his contract to find, as he sees it, a "grand industrialist" as permanent replacement.

FILM/VIDEO

■ Is Canada a repressed country with red hot emotions lurking beneath the permafrost? According to Atom Egoyan's flamboyant puzzle-thriller *Exotica*, it is. The film comes to Britain after winning hurrahs at several festivals.

If I detail the plot, it will sound like a Monty Python sketch. There is a disturbed accountant, a pets-and-fish shop, an *outré* nightclub and a lot of bizarre eroticism. Somehow, though, the mixture works. The Egoyan who gave us cunningly fractured narratives in *Family Viewing* and *Calendar* makes this multiple-plot movie appear seamless. The theme of guilty secrets and hidden emotions lurks in each character and setting, which are further linked by the camera's sumptuous arabesques. Recommended.

□ *Legends Of The Fall*, by contrast, is the human condition according to Hollywood. Brad Pitt leads three brothers competing for the approval of despotic poppa Anthony Hopkins. Since he acts as if bitten by the late Robert Newton in his Long John Silver mode, the film could be seen either as a late tribute to *East Of Eden* or as an early start to the panto season.



Exotica: guilty secrets and hidden emotions lurk in each character and setting

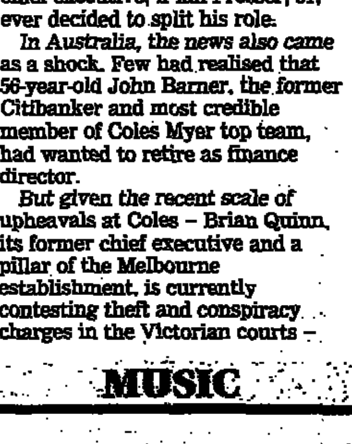
■ This week's star video release is the extraordinary *Pulp Fiction*. How do you push four different stories into one film, mess around with their chronological order, spray the screen with drugs, four-letter words and gratuitous killing – and still get nominated for an Oscar? You would think it couldn't be done. But it was, by film-maker Quentin Tarantino. If you prefer the safety of golden oldies, there are Elia Kazan's 1961 *Splendour In The Grass* (sex, emotional violence and Warren Beatty's screen debut); Derek Jarman's 1976 *Sebastiane* (gay sex, nudity, masochism); and Dusan Makavejev's 1971 *W.R. – Mysteries Of The Organism* (sex, politics, male erections). Perhaps, on reflection, you are safer with *Pulp Fuction*.

Nigel Andrews

MUSIC

■ If ever there was a musician who could prove that music composed for films was not all fanfares and slush, it was the Italian master of the genre, Nino Rota. His score for Fellini's *La Strada* is one of the most affecting in movie history, and is combined (in its ballet version) with dances from *Il Gattopardo* and his Concerto for Strings on Sony. Riccardo Muti conducts the La Scala Philharmonic Orchestra.

□ After suffering more than his fair share of criticism and controversy at the beginning of his career, it is perhaps easier now to judge the work of the perennially glamorous pianist Ivo Pogorelich. His first disc for two years is a typically sensitive rendition of two early Mozart sonatas (KV 283 and KV 331, "Alla Turca") and the same composer's Fantasia in D Minor (*Deutsche Grammophon*).



Pogorelich: perennially glamorous

■ There are few signs that The Scorpions have taken the trouble to learn any new chord changes on their unremarkable new live album *Live Bites* (Mercury), which includes the dirge-like "Wind of Change" and most of their better-known songs. Can 22m people (the number of records the group has sold worldwide) be wrong? Judge for yourselves.

□ Deutsche Grammophon has brought out 25 of the label's most treasured recordings from its back catalogue under "The Originals" banner. They include Gundula Janowitz singing Strauss's Four Last Songs with Herbert von Karajan and the Berlin Philharmonic; Martha Argerich's "Début Recital" with works by Chopin, Brahms, Liszt, Ravel and Prokofiev; and Dietrich Fischer-Dieskau singing Schubert's *Winterreise*.

■ The Britten Quartet have joined forces with the young British soprano Amanda Roocroft to record Schoenberg's String Quartet No. 2, twinned with Schubert's String Quartet in A Minor on EMI.

Peter Aspden

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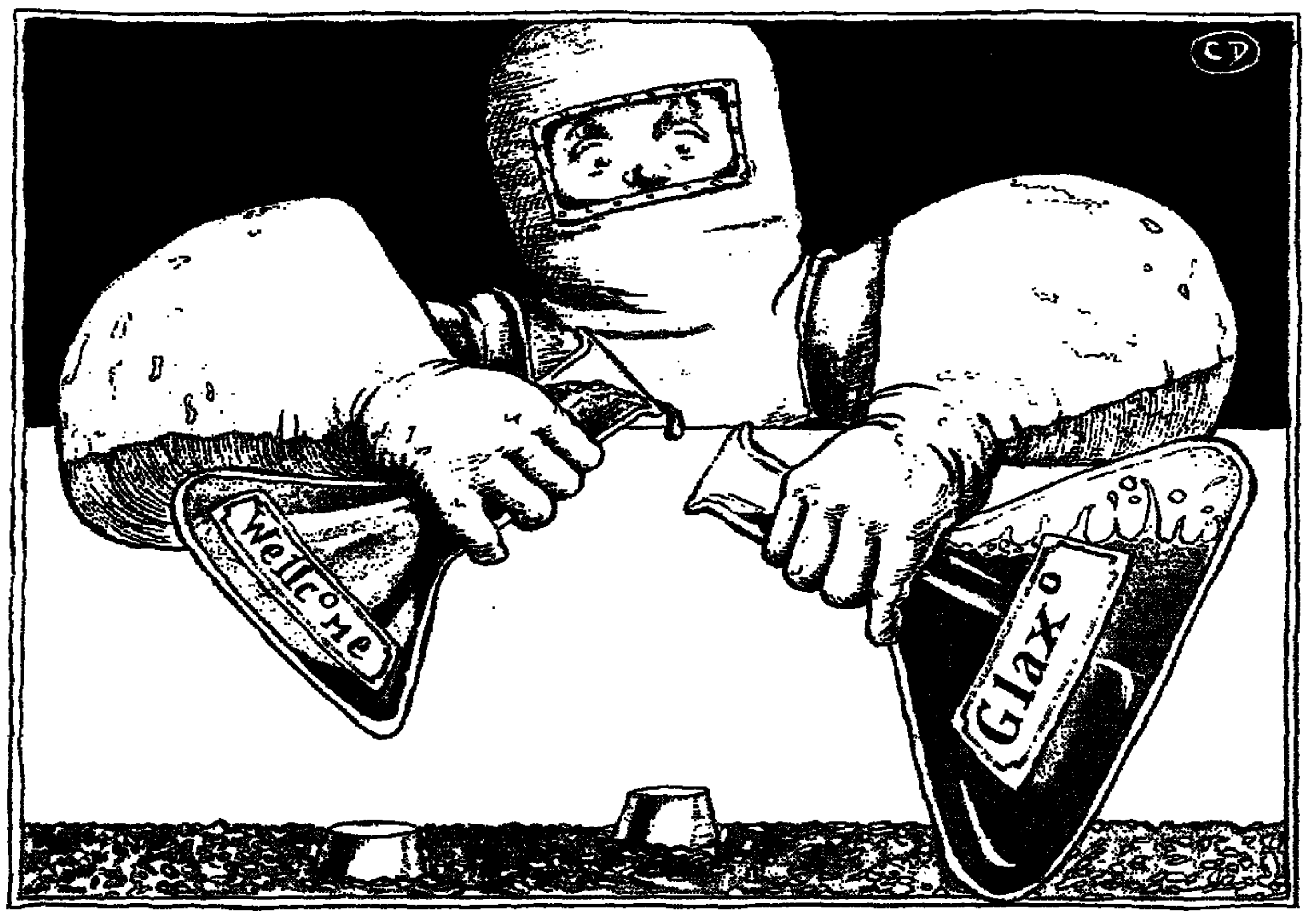
MANAGEMENT

Glaxo wants to do the decent thing in its merger with Wellcome. But as **Daniel Green** reports, it has its work cut out

How to get the chemistry right



How do you combine two of the world's biggest drugs companies, cut thousands of jobs, close sites and still come across as decent fellows?

The answer according to Glaxo, which paid £9.1bn for Wellcome last month, is to build an intricate infrastructure of task forces, sub-groups, co-ordination teams, integration executives and speciality "platforms" to do the job.

The task is immense. Glaxo Wellcome, as the new company will be called from May 1, is the biggest drugs manufacturer in the world. It is the largest company of any kind in the UK by market capitalisation (more than £25bn). There are 62,000 staff, annual sales of £7.4bn and pretax profits of more than £2.5bn.

Wellcome has 16 manufacturing sites, Glaxo more than 30. Wellcome operates in more than 120 countries and Glaxo in 150. Over £1.2bn was spent by the two companies last year on research and development.

And there is a tangle of joint ventures and licensing deals ranging from tie-ups with small biotechnology companies to vast joint ventures with local partners in Japan.

The merger has left the new company with more than £3bn in debts. Sir Richard Sykes, Glaxo Wellcome's chief executive, has made no secret of the fact that large numbers of jobs will disappear as costs are cut.

But Glaxo sees more to the problem of merging these two organisations than scale.

"We're not simply finding a mechanical way of combining two operations," says Jeremy Strachan, Glaxo's legal and corporate affairs director who chairs the task force overseeing the overall integration.

"Nor are we a Hanson or a Neutron Jack [Welch of General Electric of the US who was reputed to have left buildings standing but eliminated the people inside]. We are committed to reconciling fairness and objectivity with speed."

Strachan insists that the merger infrastructure will be able to identify and preserve the best of Wellcome, even if that means Glaxo staff losing out instead.

"We don't think we'd get value from our enormous investment if we proceed on the basis that merely because Glaxo was the acquirer, Glaxo people could be assured of their jobs," he says.

So the infrastructure must be prepared to cut deeply into two of the UK's most successful companies.

At its core are 20 "principle task forces". Twelve are geographic, devoted to the UK, Italy or Latin America, for example. Eight are functional and deal with the likes of manufacturing, marketing and central activities such as finance.

The task forces are not working alone. Each has at its disposal the services of seven centrally-provided "platforms", groups of specialist advisers in areas such as law and finance. They can also get help from Boston Consulting Group, the management consultancy hired by Glaxo to help plan the merger within days of the bid for Wellcome on January 23.

Many of the task forces are subdivided into smaller units. The research and development task force, for example, has eight sub-units.

The findings of such sub-groups will largely determine the shape of the whole company, says Strachan.

There are no detailed cash saving or job cutting targets, he says. "We have a broad view of the sort of cost reductions possible, based on published data. But we are asking people to go out there and see what they can do with the two organisations."

Immediately above the task forces is a co-ordination team of nine senior executives, the only people officially working full-time on the integration.

This was the original nucleus of the management of the merger, established just after Glaxo's bid and working closely with the management consultants.

It started with six young "high flyers" from Glaxo. The day after the bid was recommended by Wellcome on March 7, three Wellcome staff were invited to join the team.

The team's leader is Adrian Hennah. He joined Glaxo from accountancy firm Price Waterhouse in 1984 and with a first class degree in Economics and Law from Cambridge in 1979. He was briefly personal assistant to the chief executive and became general manager of the Glaxo subsidiary Allen and Hanburys in 1993 at the age of 35.

The Wellcome team members have equally impressive CVs. One is Christopher Viebacher, who became president and chief executive of Wellcome's Canadian operations in 1993 at the age of 32, just 10 years after graduating from Queen's University, Ontario.

When Hennah's co-ordination team and an individual task force feel they are ready to go ahead with their plans, they climb the last few feet of this vast merger infrastructure. They submit their proposals to an integration executive comprised of board level directors led by Sir Richard Sykes. The executive either gives the go-ahead to the plan or sends it away for redrafting.

That stage is still about two months away. The first month – "30 to 45 days", says Strachan – is devoted to information gathering. During this period Glaxo and Wellcome staff in all task forces meet to exchange information about each others' businesses. That stage is ending about now.

During the second and third months they compile their detailed merger proposals. Once approved, the task forces have two to three years to complete the integration.

Although the process has only just begun, some issues are already clear.

"The [Glaxo] organisation is a hybrid," says Barry Jones, a consultant with Boston Consulting Group. The company is one of the most international he has ever advised, but much of the decision-making is devolved to local management.

This meant that managing the merger in a dictatorial fashion from London was effectively going to be ruled out.

So BCG "counselled quite strongly" that Glaxo should behave as if it were in a friendly takeover even when the Wellcome board rejected the bid, says Jones.

The strategy worked in that when no counterbid bid was made, Wellcome's board recommended the offer and there was relief mixed with the apprehension among Wellcome staff, says Viebacher.

"Once the board decided to make it friendly, it was more appealing to a lot of Wellcome people," he says. "Working with someone is always better than working against them, especially if you are at the lower end of the scale."

Less clear than the implications of Glaxo's structure on the merger, and a subject of much debate within Glaxo, was how fast the integration should take place.

There are plenty of precedents. Some mergers, such as that between SmithKline Beckman of the US and Beecham of the UK in 1989, took many years to complete. Cynics argue it is still not finished.

In others, such as Roche of Switzerland's $5.3bn (£3.3bn) takeover of California's Syntex in the summer of 1994, jobs were cut with frightening swiftness.

But Strachan and Hennah argue that the Glaxo Wellcome merger fits neither of these two extreme models. Syntex was one of the weakest companies in the industry, with little future on its own. SmithKline Beecham was billed as a merger of equals.

Wellcome is different. Unlike Syntex, it is a healthy company. And the slow progress of the likes of the SmithKline Beecham merger had, in the eyes of Glaxo and its advisers only postponed the inevitable.

Strachan says that speed is important "to achieve certainty and clarity rather than prolong the process and add uncertainty to the outcome [for staff]".

"One month [for information gathering] is an incredibly fast pace. Incredibly fast. Without the planning we had in place on day one, we would have stood no chance," says Hennah.

The pace may be too fast, admits Strachan. He acknowledges mistakes might be made but argues the alternative of extending the period of uncertainty would be worse.

"Some people will say: 'How can you in one month evaluate the comparative merits of our man in France and their man in France?' But this is no more astonishing than the fact that you can select a director of a public company after a two-hour interview," he says.

And some problems will take longer to sort out. Talks with joint venture partners in Japan will involve top-level Glaxo Wellcome executives rather than the bottom-up approach employed elsewhere.

Some measure of Glaxo's determination to keep Wellcome people is already apparent. Only two Wellcome executive board directors have so far resigned: John Robb, chairman and chief executive, and Russell Walls, finance director. Others, such as Keith Merrifield, Wellcome's marketing director and James Cochrane, its European operations director, head their own integration task forces. They have Glaxo men as deputies.

Glaxo is clearly keen to demonstrate what the French call *le fair play* in their management of the UK's biggest merger. Its top executives speak in something close to apologetic tones over the cuts that will be made.

"We're only humble pharma managers, not mergers and acquisitions experts," says Strachan.

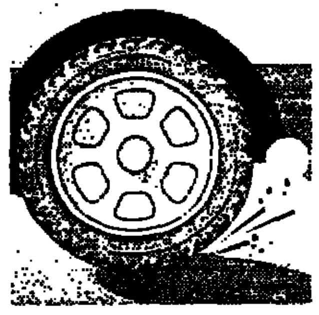
Glaxo's internal public relations operation is blitzing its and Wellcome's staff with straight-talking videos and colour magazines. A question-and-answer section in the third issue of Synergy, a magazine devoted to the merger, starts disarmingly: Q. When will I know if I still have a job?

The trade unions, largely on the sidelines in the merger process, would dearly like to know the answer.

"Glaxo's line is that 'We'll tell you when we are in a position to tell you' and that's not acceptable," says Paul Talbot, a national officer for the MSF union in the UK, which represents many Glaxo and Wellcome staff.

Glaxo accepts it cannot provide answers. Its reply to its own question in Synergy is: "It will take some time . . . each area is making its own decisions."

That may provide little comfort to readers. But from Glaxo's perspective, putting the question at the top of the list is the decent thing to do under the circumstances.



FAST TRACK

Computer Company

The success of Computer Company, the Dutch-based chain of computer superstores, owes a lot to the Netherlands' notoriously restrictive retail laws.

Its winning formula – selling to business customers through warehouse-type stores in out-of-town locations near industrial estates – is the result of repeated failure, in its early years in the late 1980s, to obtain a retail licence to sell computers to the general public.

Undaunted, the company focused instead on business customers, who must be registered with their local chamber of commerce in order to gain entry to the superstores and their stacks of computers, printers, diskettes and other "peripherals".

This, and the publicity generated by the retail licence dispute, mean that Computer Company has found a wide following among small and medium-sized business clients, professionals such as lawyers and accountants, banks and advertising agencies. The average sale is Fl 1,000 (£417), far higher than consumer-orientated computer shops. The size of the stores is also bigger than most, typically covering 1,500sq m and selling 3,000 different product lines.

Annual sales are Fl 300m, making it continental Europe's largest computer superstore group. It also has two stores in Belgium, in Antwerp and Brussels, but is pulling out of Germany, where it had stores in Augsburg and Dortmund.

Of the group's five stores in the Netherlands, only one – the outlet in The Hague which opened in 1994 – has a full retail licence, meaning customers can come in from the street. But now, after a period in which sales doubled every year during the early 1990s, Computer Company is not overly eager to sell to the ordinary retail client.

"Everyone is welcome, but we don't want to focus on the retail customer because we don't want to alienate our business clients," says Jos Houben, Computer Company's chief executive officer.

Houben did not found Computer Company, which started out as Computer Cash & Carry in 1987. But he is credited with turning it around after it was acquired by Reiss & Co, a Dutch investment firm, in 1989.

Reiss & Co also backed Houben in his first entrepreneurial venture in 1986 when, aged 26, he borrowed Fl 30m to buy Bugamor Pharma, a medical publishing and database company.

He says business customers are cautious at first about buying computers in a superstore setting, and they tend to begin by buying printers and other peripherals before making the hardware plunge.

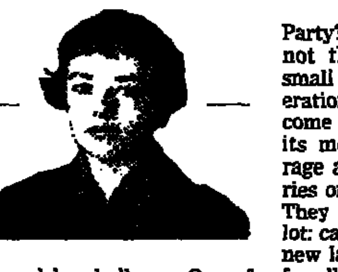
The German withdrawal was prompted by the dominance of two players, Escom and Vobis, and Computer Company's belief that it cannot hope to dislodge them. In the Netherlands and Belgium, however, Computer Company ranks among the top computer sellers, and there is room for more stores in both countries, Houben says.

Another strategy is to offer clients telecommunication products and services, to take advantage of the growing convergence between computers and communications.

Ronald van de Krol

Empath, artist, realist or diplomat?

LUCY KELLAWAY



"Our people are our most valuable asset". That is the rhetoric. The reality is that companies, having fired half their workers, are giving the rest an increasingly hard time. Yet according to Gemini Consulting, life need not be like this. In its latest quarterly magazine it argues that the successful company of the future should set out to maximise not profit but the self-respect of its employees.

Far from being financially ruinous, this strategy would ensure that business prospered, as workers would only be fulfilled if their company was thriving. In this best of all possible worlds, all employees would be stretched just the right amount and would use all talents to the full. And in the unlikely event that anyone had to be dismissed, it would be because their unique skills could be better deployed elsewhere.

It is a seductive argument, but I am not convinced. The corollary is certainly true: a company that woefully neglects its workers will, in the long run, harm its shareholders too. Although most of the time the interests of shareholders and employees overlap, at the margin they differ. Workers might prefer a nicer office, better pay, and more time off. They would not want these things if the result was bankruptcy, but if the effect on profitability was small they could well find their wishes at loggerheads with those of shareholders.

In any case, I'm not sure if I'd be comfortable in the sort of world that Gemini describes. In the people-friendly company workers are no longer called workers. Neither are they called staff or employees – all that language is too tainted with the old us and them mentality. Instead they are contributors. Worse is that these creatively fulfilled contributors would not be known by their job titles but by their aptitudes. Personnel directors might be called empaths. Others could be labelled artists, realists or diplomats. This is a particularly nasty case of political correctness.

There are plenty of iniquities in office life, but referring to people by the jobs they do does not strike me as one of them.

Gemini is not alone in thinking the language of workers and bosses is not politically correct. At Asda, everyone is called a colleague whether they are Archie Norman himself or the person filling the shelves in the local superstore.

Not all the new-fangled management initiatives at that company are to be sneered at, however. If I worked for Asda, I would now be wearing a red baseball cap. One of the colleagues has had the bright idea that anyone who wants some piece and quiet should wear a red cap as a signal to others to steer clear. This is a neat, cheap solution to the problem of getting any work done in an open plan office. A better solution would be to get rid of the open plan office. But in the profit maximising company that is out of the question.

Who would you expect to be the harshest critics of excessive executive pay? Trade unions? The Labour Party? The unemployed? Certainly not those arch-capitalists in the small business sector. Yet the Federation of Small Businesses has just come out with a survey that shows its members to be seething with rage and resentment over the salaries of executives of big companies. They want legislation against the lot: caps on the pay of utility chiefs, new laws to tie pay to performance for all company bosses and high tax rates on anyone who earns more than £100,000.

At second sight, this outpouring is not quite so out of character. Small businesses in the UK are forever whinging and moaning (in comparison to their counterparts in the US who just get on with the business of making money). They have a natural tendency to see things as a snag rather than as an opportunity.

One might have thought these budding entrepreneurs would look at the pay of big business bosses and see it as the just rewards for success in business. But no; to them it is simply one more reminder of their own arduous lives at the grindstone.

Thursday is Take your Daughter to Work Day, that annual opportunity for 11- to 15-year-olds to see what their parents get up to when not at home. Its aim – to encourage girls to think harder and aim higher when choosing their careers – is fair enough. But why just girls? It is important for all children to know what their parents do, and to start thinking about careers early.

My main quibble with Take Your Daughter to Work Day, however, is that office jobs, especially anything remotely senior, make poor spectator sport. If my parent was a fireman or an actor or an air hostess, I wouldn't mind going to work with them. But a day in an office, watching people at their word processors or talking on the telephone, or sitting in meetings does not sound like the average 12-year-old's idea of fun.

BUSINESS TRAVEL

Flight punctuality

Birmingham was Britain's most punctual airport for scheduled flights in the third quarter of 1994, a survey of seven UK airports by the Civil Aviation Authority shows. Gatwick was the worst.

The percentage of scheduled flights on time (within 15 minutes) at the airports last July-September was: Birmingham, 87 per cent; Glasgow, 85 per cent; Manchester, 84 per cent; Luton, 81 per cent; Heathrow and Stansted, 77 per cent; Gatwick, 75 per cent. Overall, 79 per cent of scheduled flights were on time.

Hungary rail strike

Talks between union leaders and management of Hungary's state railways have failed to end a strike that has paralysed the country's rail network.

Unions and management are at loggerheads over shift work. The government has said it will not intervene and backs the railways' plans to reduce costs and jobs. Travel, tourism and commerce have been severely disrupted in neighbouring Romania and Bulgaria, both of which use Hungary as their key transit route to the west.

Baltic ferry incident

More than 1,000 passengers and crew were evacuated from a Baltic car ferry after it ran aground off Helsinki on Saturday, reviving memories of last year's *Estonia* disaster.

All 977 passengers and most of the 120 crew were taken off the *MS Tallink*, travelling from the Finnish capital to Tallinn in Estonia, when it grounded off the fortress island of Suomenlinna in morning mist. No one was seriously injured.

Passengers described hearing "a terrible crash" as they ate breakfast in the cafeteria while the ship picked its way through a crop of small islands outside Helsinki harbour. The ship was towed back to port within four hours of the accident.

More than 900 people were killed last September when the ferry *Estonia* sank in rough seas in the Baltic off Finland while sailing from Estonia to Sweden. Popular day and weekend trips between Finland, Sweden and the Baltic states are just reviving after the *Estonia* disaster. Thousands of Finns make the three to five-hour trip to Tallinn to buy cheap food and alcohol. The voyage can be hazardous in winter if ships become trapped in heavy ice.

Indonesia Aids figures

Indonesia estimates it has about 90,000 undetected Aids and HIV cases, and that up to 2.5m Indonesians could be affected by the end of the century.

The World Health Organisation last year put the number of HIV cases in the world's fourth most populous nation (nearly 190m people) at about 50,000.

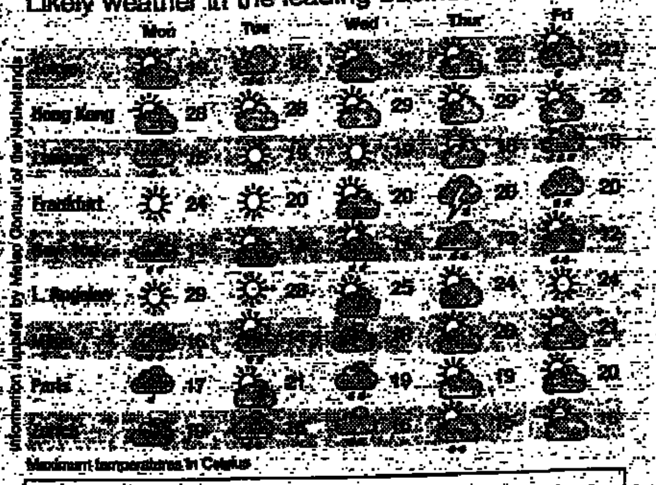
"With the government and the public actively and seriously doing something about it, the number of cases may drop to 30 per cent of previous estimates," the health minister said.

Athens metro

Athens' new metro is now due to be completed by October 1998 and tenders for the first extension line will be invited next year, according to the public works ministry. The $3bn (£1.9bn) project to ease traffic and pollution in the city was due to be finished by November 1997.

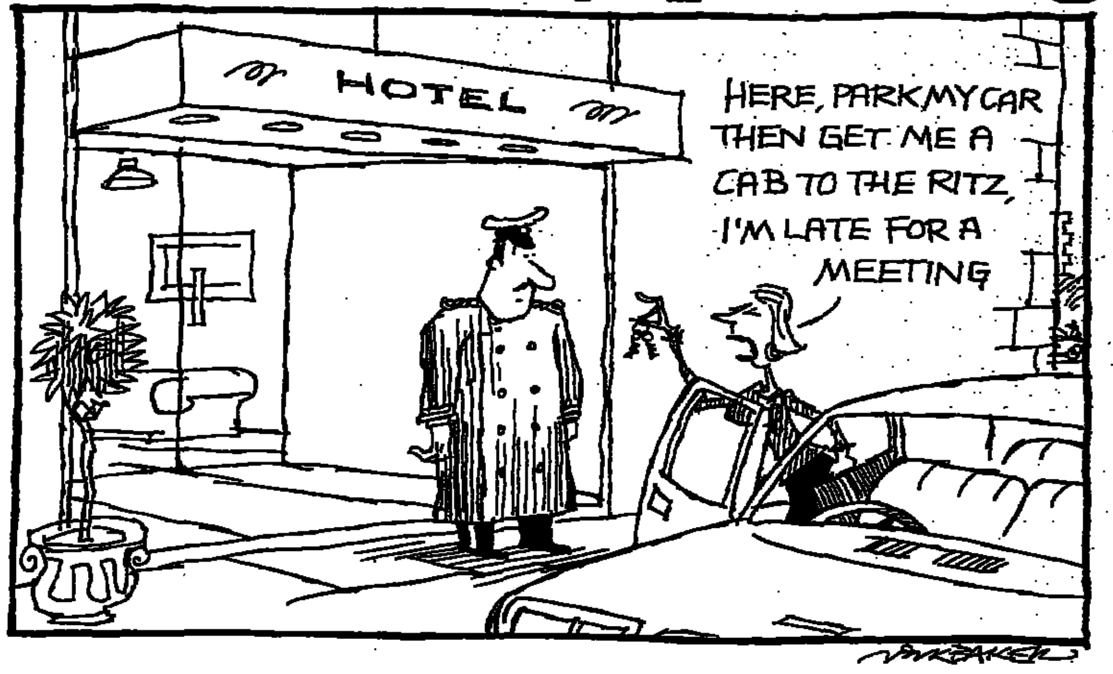
Attiko Metro, the state company supervising the work, will invite tenders for a 2.1-mile extension with four stations. Delays have been caused by demands made by the project's contractor, Olympic Metro, a consortium of 25 Greek and foreign companies.

Likely weather in the leading business centres



Driven to distraction by parking

Those in the know tell Charles Jennings how to get other people to relieve them of their cars



Parking is the great drawback of car ownership. What does it profit you if there is nowhere to leave your car when you turn up for a meeting?

In much of the US, where the car decides everything, parking is usually straightforward. Either there is a giant area in front of the office you are visiting, or a valet darts out and parks the car for you. Valet service is more likely to be found at hotels and posh restaurants than at the office of a foam rubber maker, but it happens.

In Britain, however, drivers have to juggle various options, none of them appealing. They can hunt for a parking meter; try the nearest multi-storey (time-consuming and depressing); or try to find a uniformed attendant to take the thing off their hands as they march through the swing doors.

A marketing consultant of my acquaintance always chooses the last option. Her golden rule is: don't hesitate, just assume. Since she is a good-looking woman, and since most doormen and car attendants are unreconstructed males, she generally gets the attention she feels she deserves.

Hotels are her favourite. On one occasion she had a meeting at a hotel near London's Heathrow airport, found there was no parking space, dropped her car in the hands of a doorman at another hotel altogether and took that hotel's courtesy bus back to the first one.

Another time, she arrived for a meeting at a hotel, asked about parking and was pointed towards the neighbouring public car park. Instead, smiling winningly, she left her car with the doorman who parked it in a VIP space in front of the hotel. He kept an eye on it for four hours before deciding he ought to put it in the public car park – just in time for her to pick it up again. Her parking fee: a mere £1.50.

For what it is worth, both the Automobile Association and Forte Hotels look slightly askance at leaving your car with a uniformed attendant, but for different reasons.

"It's the sort of thing that's best avoided if you possibly can," cautions the AA, "since it's hard to verify whether or not the doorman is fully insured in the event that he wraps your car round a concrete post on the way to the car pound".

Forte, on the other hand, offers a parking service at some of its hotels and says that "if the car's parked by the doorman and gets damaged by the doorman, then Forte's insurance will cover any damage. Once the car is parked, however, Forte will not take responsibility for any damage, and there are notices to this effect in the car parks." Which you can't read, of course – the doorman having parked for you.

Dumping and running is such a brazen way of doing things that I cannot face it. Instead – and pathetically – I arrange to have a parking space reserved for me. But it is generally the case that when I have arranged to have a parking space, there is no record of the arrangement when I arrive. For some reason, British Airways seems good at this. As a result, I end up fighting things out with the receptionist.

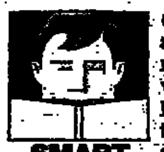
A common alternative is to hunt for a legitimate parking space some way from where you want to be and take a cab to your meeting. No rush, no fuss. But I know a person who tried to do this for a meeting in London's St James's Square. She couldn't find a legal parking space, and got closer and closer to her destination until she was actually *in* St James's Square.

Already 10 minutes late, she drove fretfully around the metered spaces in the middle of the square, waiting for one to become free, before taking the plunge and leaving her car at a broken meter. At which point two plainclothes policemen, lurking there specially, jumped from behind a bush and arrested her.

Is that the worst that can happen? Or is the worst that can happen something that befell a design consultant who had a working breakfast meeting at London's Dorchester Hotel? Things worked like a dream to start with. He left his car with the doorman; had his meeting; asked a waiter to tell the front desk that he was ready for his car; paid his bill; came down; and found his car waiting for him out front.

This was parking at its finest. But he was frozen to the spot, paralysed by fear. He had no idea how much to tip the doorman. His breakfast companion spotted the word "loser" stamped on his face and departed swiftly and huffily. The consultant now uses buses.

Great escape from snarling LA



SMART GUIDE

Once in a while almost every business traveller has to visit Los Angeles. It's not fair, but there you are. Virtually everything bad said about southern California's megopolis is true. Its air pollution is worthy of industrial Poland, freeway traffic crawls at below snail's pace, and the humourless self-obsession of the inhabitants is beyond parody.

The best tip one can offer is to ignore sprawling, snarling LA and stay in its closest seaside suburb, Santa Monica. The distance between downtown LA, a concrete hell where only the brave and the heavily armed venture out after dusk, and Ocean Boulevard in Santa Monica is about six miles, but it could almost be interstellar.

In Santa Monica palm trees rustle in the Pacific breeze, seriously eccentric poodle lovers parade with their dogs, and the Crocodile Café will serve you an alfresco dinner for less than $20 (£12.38). In the Third Street promenade area, two blocks in from the seafront, a thoroughfare of about 100 speciality retailers – especially bookshops – has become a magnet for the unusual and pleasantly Bohemian, but no more off the wall than, say, London's Covent Garden.

As in Covent Garden, buskers are encouraged. On a recent evening stroll I listened to a stunning female saxophonist. She had recorded several albums and played with Chick Corea, and was attracting a crowd of several hundred with some exquisitely phrased jazz.

The best hotel in Santa Monica is the five-star Miramar Sheraton, in its own grounds at the northern end of the promenade's junction with Wilshire Boulevard. Yet only three blocks south I once stayed in the homely Travelodge and enjoyed exactly the same ocean views for $34 a night.

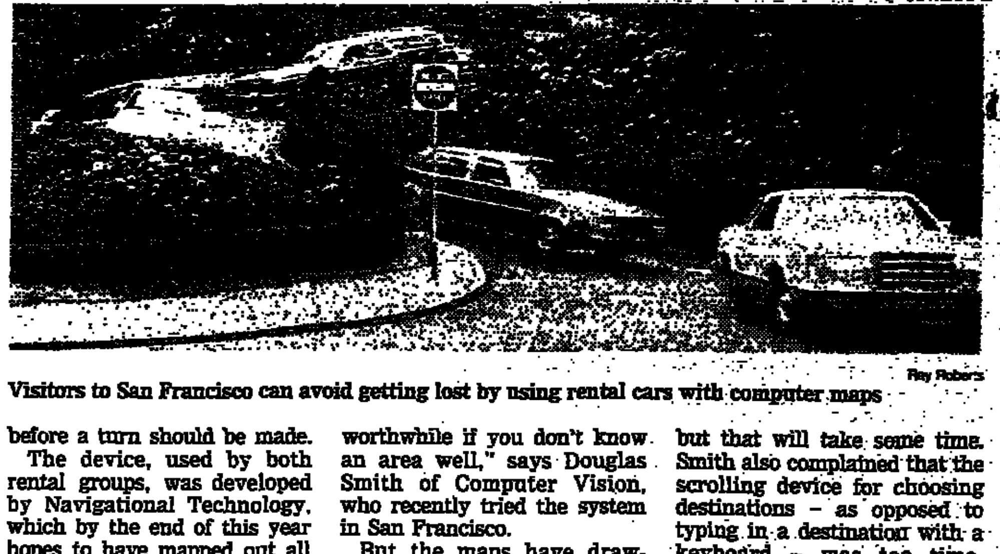
Part of Santa Monica's great appeal is its small-town atmosphere, and there is a reassuring sense of safety in the streets. It isn't crime-free, but compared with the virtual war zone 50 blocks to the east, it feels comfortable.

The Santa Monica freeway will take you straight to LA's central business district, while the gloriously varied Wilshire Boulevard runs from the seafront to the heart of Tinseltown. Santa Monica lacks the power-lunch restaurants of Hollywood or Rodeo Drive, but excellent seafood is available, and the steaks at the Argentinian-owned Gaucho Grill in the heart of the pedestrian area are worthy of downtown Buenos Aires.

If you can sneak an afternoon off, Santa Monica is handy for the J Paul Getty museum, which is 10 minutes up Pacific Coast Highway. The oilman never visited his museum, but he is buried in its grounds. Every day or so, another stupendous masterpiece arrives, to be displayed in tribute to a man whose name is likely to outlast the world's supply of oil.

Keith Wheatley

On the road to somewhere



Ray Roberts

Visitors to San Francisco can avoid getting lost by using rental cars with computer maps

"Turn left on to Park Avenue," said the computer voice in the car. "Destination ahead on the left."

Exactly how the computer knows you're sitting at Park and 50th is difficult to fathom, but even when the novelty wears off, the convenience will probably attract many to the new map systems now available at US car rental agencies.

Avis and Hertz are installing computerised navigational equipment in vehicles throughout the country. Avis rolled out its first computer maps in Miami rental cars last September, and now offers the feature in 11 other cities, including San Francisco, Chicago and Detroit. Hertz plans to launch its computer maps in August in 10 cities, including Boston and New York.

A small screen shows a map of the immediate area, which shifts as the car moves along. Drivers select a destination from an extensive menu of options. The system for New York, for instance, lists every street in Manhattan, alphabetically and by number. Alternatively, users can choose from a list of points of interest, such as the Empire State building, hotels and restaurants, or big companies. A computer voice then guides the driver to the destinations, warning shortly before a turn should be made.

The device, used by both rental groups, was developed by Navigational Technology, which by the end of this year hopes to have mapped out all significant routes in the US. The feature costs an extra $5 a day at Avis, while Hertz has not yet fixed a price. At Avis, the feature is available only in the more expensive rental categories. Hertz, however, plans to install the device in its mid-sized models as well.

The system promises to be a hit with business travellers, who often have to get to a number of appointments in unfamiliar cities. Avis says that the computer maps can help drivers steer clear of dangerous areas, an obvious selling point. "It's definitely worthwhile if you don't know an area well," says Douglas Smith of Computer Vision, who recently tried the system in San Francisco.

But the maps have drawbacks. For one thing, they are hard to come by at the moment. "We have so many requests for this that we can't guarantee a navigational system to anyone making a reservation right now," says Avis. It has equipped 200 vehicles in Miami with the device, for example, but says that is only a small part of its fleet.

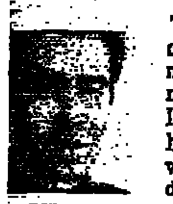
Smith complained that it was difficult to get the computer to alter the route once he had information about heavy traffic ahead. Avis and Hertz plan to link the system with a traffic information network but that will take some time. Smith also complained that the scrolling device for choosing destinations – as opposed to typing in a destination with a keyboard – was too time-consuming.

"We're slowly ironing out the kinks," says Roy Ritenour, director of management information services at Hertz. "When we first tested, the system would sometimes show the driver in the middle of the Atlantic ocean when he was on Route 1. That kind of thing doesn't happen any more. This is so useful to drivers that one day it will be like air-conditioning. It will be unthinkable that you won't find it in your rental vehicle."

Victoria Griffith

MEDIA FUTURES

Big money battle on the Web



Tim Jackson

There is certainly big money to be made from the Internet. But how? Anyone who wants to discover the answer to this question should read the tale of two companies, Spyglass and Netscape Communications, and their battle for the World Wide Web.

Their story starts with Mosaic, a brilliant computer program written by a group of teachers and students at the University of Illinois's National Center for Supercomputing Applications. As regular readers of this page will know, Mosaic is a "browser" that makes it easy for even the most virulent technophobes to "surf" the Web – to jump, at the click of a mouse, across 3m different "pages" of information stored on computers all over the world.

In common with many other programs written at US universities, Mosaic was offered freely across the Internet. As the Web's popularity grew in 1993 and 1994, some 2m copies were downloaded across the world. It required no great commercial acumen to see that once businesses began to use the Web as a marketing tool, the elegance and ease of use of Mosaic would make it a hot commercial property.

The University of Illinois licensed the rights to develop the program to Spyglass, a local software company. But Marc Andreessen, the star undergraduate programmer of the team that had written Mosaic, had other ideas. He went into partnership with Jim Clark, a former Stanford unversity professor who had left to start a company called Silicon Graphics and seen it grow into a $1.5bn (£0.92bn) business. They set up shop in Mountain View, California, a year ago, and started developing a commercial version of Mosaic.

For a while, it seemed that the angry university might sue Andreessen for stealing intellectual property. But after he offered to reveal his source code, in order to prove that his version of Mosaic had been rewritten from scratch, the two sides came to a settlement: Andreessen's company would change its name to Netscape Communications, Spyglass would retain the rights to the Mosaic name, and the two companies would fight it out in the marketplace.

Spyglass has followed the traditional route for small companies with big ideas. It has signed deals with 29 bigger "partners", by which they have the right to resell the software and Spyglass receives a royalty on each copy. Some bundle it in with $20 books; others sell it installed on hardware systems; and still others embed the Mosaic technology in their own software, so that customers use it without knowing where it comes from. The Microsoft Network, an online service due for launch later this year, will contain a Spyglass browser.

Netscape's strategy has been the opposite. It offers its browser – designed specifically for PCs that dial up the Internet by phone rather than connect to it directly – for around $40. But it also gives away "evaluation" copies of its program to non-corporate users. Some 4m copies have been downloaded and Netscape is now the leading brand among Web enthusiasts.

The Netscape browser includes a useful feature, an encryption system which allows people to send sensitive data such as credit card numbers down the telephone without fear of theft by hackers. The company's aim is to leverage this installed base of secure customers into selling all sorts of other products, starting with "server" software for companies that want to design their own Web pages and set up online shopping services.

Netscape is not the first company to flood the world with free software: Eudora, a leading e-mail program, has been distributed for evaluation in a similar way. But Netscape's strategy demonstrates how the wired world opens up ways of doing business. Only a few years ago, such a marketing stunt would have been impossible – not least because no start-up could afford to manufacture and send out physically 4m copies of a program. Global technical support and upgrading is also easier, since the Web can be used to retrieve documents and files that users need.

So far, the lion's share of the publicity has gone to Netscape. It has triumphed at trade shows, hired a high-profile chief executive from an AT&T subsidiary, and – earlier this month – sold 11 per cent of its equity to four blue-chip publishing and technology businesses. Netscape also has more staff, about 150 to Spyglass's 55.

Douglas Colbeth, Spyglass's chief executive, is philosophical about these successes. He says his own company cannot expect such a high profile while its strategy is to sell under other brand names. But he insists that Spyglass is making more money than Netscape, a claim which is hard to verify while both companies remain privately held.

His strongest card, however, is that the Web is a technology that is certain to spread beyond the hard core of enthusiasts. When it does, he believes, even users of CD-Roms will find themselves using Spyglass software, albeit unintentionally, to get the information they want. The competition that Netscape must beat will not be his own company, he says, but the heavyweights of databases, groupware, and online services – groups such as Lotus, Oracle, CompuServe and Microsoft.

It is hard to predict which strategy will prove correct. But an announcement made last Wednesday may provide a pointer. Eight newspaper publishers, two of them Netscape shareholders, announced a joint plan to put electronic versions of their combined 185 daily newspapers on the Web over the next three years.

This is an interesting departure, for it shows owners of intellectual property trying to use the Web to reach customers directly and bypass the middleman to whom they have always gone in the past to distribute their material. If this becomes a trend, Netscape will be the horse to back. If not, the smart money must be on Spyglass. But the wise punter will postpone placing bets as long as possible. Even today, nobody is quite sure how to make money on the Internet.

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Slow stroll to the virtual mall

Neil Buckley looks at the advance of on-screen shopping

The vision of shopping's future is already well-known: instead of trailing around supermarkets and shopping centres, consumers will "stroll" through virtual shopping malls on their computer screens, key in orders and have products delivered to the door without ever leaving their armchairs.

Put this vision to many retailers and they tell you that for perhaps years this dream has been said to be "10 years away". And the reality has come little closer. Moreover, they add, consumers will always want to handle and examine goods before buying them, and home delivery would be too expensive to make it attractive.

But the first stirrings of the shopping revolution can be detected. Television shopping, the stepping stone to all-out interactive, online shopping, is becoming established in the US and elsewhere. And online projects are being launched all the time. This week, J Sainsbury, the UK food retailer, begins selling wine on the Internet, while CompuServe, the online information service, is launching the UK's first big online shopping mall. It may no longer be over-optimistic to suggest that electronic shopping could take a significant slice of retail sales by early next century.

"Electronic home shopping is like a glacier running through the valley of retailing," says George Wallace, chief executive of Management Horizons, the international retail consultancy. "It is eventually unstoppable, but moves more slowly than people expect." He points out that TV shopping in the US, the most advanced home shopping market, achieved sales of less than $3bn (£1.8bn) last year: a fraction of the $70bn turnover of traditional mail order catalogues, or of total US retail sales of $2,000bn.

The growth of US TV shopping channels has been rapid since the late 1980s but has slowed recently. One reason may be TV shopping's natural limitations. Shoppers have to watch a series of products being displayed, before choosing and ordering by telephone. This is time-consuming and limits choice.

What makes onscreen shopping much more attractive is when it becomes interactive: when shoppers communicate electronically with the service provider and control what they see. At any time they can enter a database, search for what they want, and order electronically.

Combine this with multimedia facilities and the opportunities for creative marketing are extensive. Consumers could, for example, call up videos of products being demonstrated; perhaps listen to a wine grower describing his wines, or a chef describing the ingredients needed to create his dishes; or inspect products closely from different angles. Eventually, consumers might be able to superimpose garment images on computer images of themselves.

Online shopping services are developing fast in the US. The largest are Prodigy, owned by Sears Roebuck and IBM, CompuServe, and America Online, with about 100 shopping malls on the Internet.

But take-up rates remain fairly slow, and online shopping turnover in 1993 was estimated at less than $200m in spite of the fact that more than 3.5m US homes had computers connected to databases. Like TV shopping, online shopping has suffered from technological limitations. Lengthy downloading times for photographs, for example, mean existing services remain largely text-based.

"Some online services are relatively awkward to navigate through," says Glen Terbeek, a food industry consultant at Andersen Consulting in Chicago. "Some early ones were so cumbersome it was easier simply to go to the store."

Database operators like CompuServe hope to get round the technological limitations by distributing CD-Rom catalogues to subscribers. The catalogue contains attractively presented sales information, while the online service supplies current prices and ordering facilities. The development of broadband networks, allowing high-speed data transmission, should eventually remove the need for the CD-Rom.

The way forward may be pointed by two US online, multimedia trials launched late last year. One, in Orlando, Florida, links Time Warner, the cable operator, and US West, the telecoms company (see below). The other experiment, in a San Francisco suburb, is a venture between Viacom and AT&T.

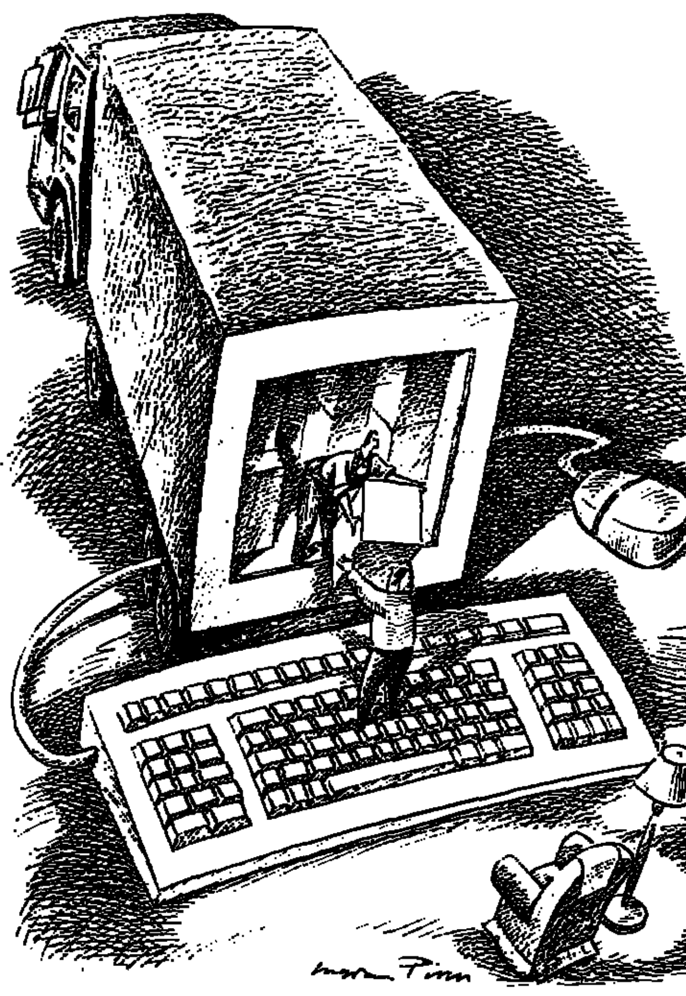
Once interactive multimedia services can present products attractively, one of electronic home shopping's main potential drawbacks, shoppers' inability to handle products, could lose its potency.

The other problem associated with online shopping remains home delivery costs. Conventional wisdom says these will make such services too expensive for most consumers. However, practical experience suggests that some customers will pay. Peapod, an interactive grocery shopping service operating in two US cities, allows its 10,000 members to order goods from partner food retailers: Jewel Food Stores, in Chicago, and Safeway, in San Francisco. Peapod acts as "surrogate shopper", buying goods from stores and delivering to customers, who pay the retail price and a delivery charge of $6.95 plus 5 per cent of the value of their order.

"People who find our services essential are people with little time: dual-income professional families with small children. They equate their time with money," says Derrick Q Milligan, Peapod's marketing development manager.

Glen Terbeek argues that retailers – or manufacturers – could offer home delivery more cheaply. About 20 per cent of the product price in conventional retailers, he says, is accounted for by store costs. Take out the stores, and that 20 per cent could pay for the technology and delivery. Hold goods in low-cost warehousing on industrial sites, deliver direct from there, and there is no reason why products should cost more than in high street stores.

Once online shopping is that advanced, Terbeek predicts it could take 20 per cent of retail sales, but it would not kill off conventional shops. To survive, however, stores would have to become more attractive and creative, or perhaps more like old fashioned corner shops, with shop managers developing closer relationships with customers. After a hard afternoon of armchair shopping, you might still wander to the local shop, to stretch your legs and ask what they recommend for dinner.



PCs winning interactive war

Victoria Griffith reports on Time Warner's Florida trials

Almost every night, Florida financial adviser Karl Willard sits in his armchair and interacts with his television set as part of a Time Warner experiment.

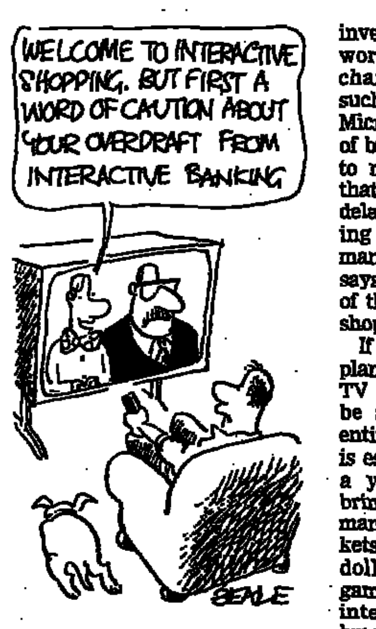
His family orders five films a week through a pay-per-view video service. He has played video games with other households involved in the trials. And he has purchased items from the smattering of TV shopping facilities he is offered. "I hope they don't take it away from me," says Willard. "I feel like I've seen the future."

But the future may be further off than Willard or Time Warner might hope. "Interactive TV won't take off for another 10 to 15 years," says Mary Modahl, an analyst at the technology research firm Forrester in Cambridge, Massachusetts. "Advertisers, games companies and anyone else wanting to take part in the interactive revolution now should orient themselves to the personal computer instead."

Willard's enthusiasm for interactive TV in Time Warner's Florida trials may be misleading. Only 50 households were involved in the experiment at the end of last month. And if Willard had to pay the true cost of the service, he might find it too expensive.

He pays $2.95 to see a film on demand; the other services are free. Yet the commercial price of the set-top box alone would be thousands of dollars, says Forrester, while the cost of hooking up a single home to interactive TV would be at least $1,200 (£740.70).

The high costs of interactive TV mean that the PC will probably dominate the interactive media market for the next decade, at least. "If TV gets in a footrace with the PC in this market, my money's on the PC," says Michael Troiano, president of Ogilvy & Mather's direct interactive marketing group.



Interactive computers are now a reality, while interactive TV is still mostly a dream. About 30m people now use their PCs interactively through the Internet. In contrast, the number of people with access to interactive TV is small. Time Warner's year-end target, for instance, is just 4,000 households.

Interaction on PCs, moreover, can grow incrementally while demanding little up-front investment, while creating networks for interactive TV – championed by companies such as Viacom, US West and Microsoft – will cost hundreds of billions of dollars, according to most estimates. "Providing that much information with no delays represents an engineering feat [akin to] sending a man to the moon in the 1960s," says Charles Spong, president of the MiniMall, an interactive shopping network.

If companies go ahead with plans to build an interactive TV network, the payback may be a long time coming. The entire US video rental market is estimated to be worth $10bn a year; TV home shopping brings in far less. Even if they managed to usurp these markets and to gain a few billion dollars more each year for games, companies involved in interactive TV would only break even in 15 years or more, it is estimated.

Already, some groups have scaled back plans for interactive TV. Experiments by AT&T and GTE, and Pacific Telesis, have been cancelled. And at the end of last month Time Warner suffered a setback when consumer protest forced it to scrap plans to make cable customers pay extra to finance interactive TV. Time Warner had asked viewers in four states to pay $3 extra each month for a new set-box, allowing pay-per-view movies, whether they wanted the new service or not. The controversy this generated highlighted the problems companies may face in financing ambitious interactive TV plans.

One costly problem for interactive TV is lack of standardisation. Currently, each company is tailoring components to a specific TV set-box prototype. But industry consolidation could make some of those set-box models obsolete. Millions of research and development dollars will be wasted. In contrast, PCs and the Internet are moving rapidly toward standardisation.

Other developments are conspiring against interactive TV, as well. Videos are now available on CD-Rom discs. These are so cheap to make and easy to store that films could be available for rent at corner shops or supermarkets. "It could soon be as easy to pick up a CD-Rom rental as it is to buy a newspaper", says Modahl of Forrester.

And PCs have an advantage over interactive TV in the games market. "They give us the most to work with in terms of potential interface," says Eric Winkler, a spokesman for games group Broderbund. "We've got touch pads, mouses, keyboards and joy sticks to play around with. We don't have that with TV."

Yet the PC is far from unbeatable in the long run. "PCs may be more viable now, but I think that will change in 10 years or so", says Elaine Rubin, manager of interactive services for 1-800-Flowers, a flower delivery service that gains 10 per cent of its revenues from interactive sales.

In the end, there is likely to be room both for the PC and the TV set. As computers gain video capabilities and TV sets turn into mini computers, they will come to resemble each other. For the next decade, though, PCs will probably rule the interactive world.

Wizards and tigers surfing the Net

Flames leaping around the globe. A wizard in a fantasy world who turns into a sabre-toothed tiger whenever he wants. A tavern with a robot barman. J C Herz found these and more, and took notes. The result is an entertaining book, *Surfing on the Internet* – a cross between a travelogue and a meditation on what the Internet may become. It is published by Little, Brown & Co and is being excerpted online.

The 23-year-old Miami Beach author says she fell into the Internet while working on a term paper on post-modernism on a Harvard University computer. "I was reading the same paragraph over and over and over, and it didn't make much sense. So I just started goofing off."

She found the index for Usenet, the Net's bulletin board of more than 3,000 discussion groups, which includes "vampires, supermodels, multilevel business scams, conspiracies, Elvis sightings, Shostakovich, civil liberties, *Twin Peaks*, bondage, ghost stories, Spam".

Fuelled by caffeine and sugar-packed cereals, she spent all-night marathons at her screen, chronicling "a year in the life of cyberspace". She says it was "almost like I had been dropped by airplane on some island in the South Pacific with its own completely isolated and unique culture".

Her wanderings through the Net fantasy worlds known as Mud's, for Multi-User Dungeons or Multi-User Dimensions, produce some of the book's most evocative chapters. In these worlds, using only text and imagination, users create their own characters, architecture and landscape.

Her book also has a serious side. Among issues she ponders are the shortage of women on the Net and the ability of Net denizens to adopt a multitude of identities and sexual personas.

One of her larger concerns is the generation gap between the Internet's younger users and their parents, who, along with big business, fears Hert, could "crash this party", harming the Net's anarchic underground culture.

Reuter, New York

ARCHITECTURE/SPORT

Create an English Versailles

Colin Amery on what should be done with the Royal Naval College at Greenwich

There was a little noticed event in the House of Lords earlier this month when their lordships held an evening debate on the subject of arts and heritage funding. The debate focused particularly on architectural heritage. The upper house is a good reviewing chamber, and on that occasion it was able to place architecture in the context of arts funding.

The amount of government money that is spent on the arts in Britain is modest: about the price of two gin and tonics per head per annum at present.

When it comes to architecture, very little money is spent directly by the government, and it cannot claim very much credit for the care it takes of its own architectural estate. Lord Rothschild, making his maiden speech in the House of Lords and speaking as chairman of the National Heritage Memorial Fund, explained how he hoped his fund could help the government rationalise its "holdings of heritage significance".

I imagine that Lord Rothschild is right when he says that the current government withdrawal from defence, health and legal buildings can be compared in scale to the dissolution of the monasteries.

The withdrawal of the ministry of defence from Greenwich, Woolwich, Plymouth and many other historic sites creates both problems and opportunities. Take a site like the Royal Naval College at Greenwich and imagine it without any significant national use. It is almost inconceivable that it *should not become an important* museum or educational establishment, or perhaps return to its original use as a riverside royal palace (with landing sites for helicopters).

As a beneficiary of the national lottery, the National Heritage Memorial Fund already has some £65m in the bank which has to be spent on historic buildings, the landscape, museums and archives – all aspects of our island's history. Some of this is for buildings, and it is worth noting that Lord Rothschild does not see a need for French-style grand projects. "It is our incomparable existing stock and fabric that we believe should be our first port of call," he says.

There are two main areas where the enormous flow of lottery money could make a difference. One is in the repair and maintenance of churches, the other the re-use of defence establishments. The end of empire and the cold war has meant an enormous decline in the need for so many large defence buildings. But they are very much part of our history, as well as being of architectural importance.

The defence list is long: Greenwich, Portsmouth, Deal, Gosport, Plymouth, the Royal Arsenal at Woolwich, the Norfolk training area (where churches are endangered), Bushey Park's Upper Lodge and Eltham Palace (at present occupied by the Institute of Army Education).

The fact that these buildings are surplus to requirements means, in Treasury terms, that they should be disposed of at a commercial rate to the highest bidder. But selling the Royal Naval College at Greenwich to an hotel chain is surely unthinkable.

There is an advisory commit*tee, run by Lord Henley and* Sir William Whitfield, looking at the problem in the ministry of defence. But the government department that should be devising a strategy, the department of national heritage, has so far maintained a total silence. The National Heritage Memorial Fund is not allowed to solicit bids for its lottery funds, but it has made it clear that it hopes for an intelligent series of proposals for Greenwich which it can help to fund.

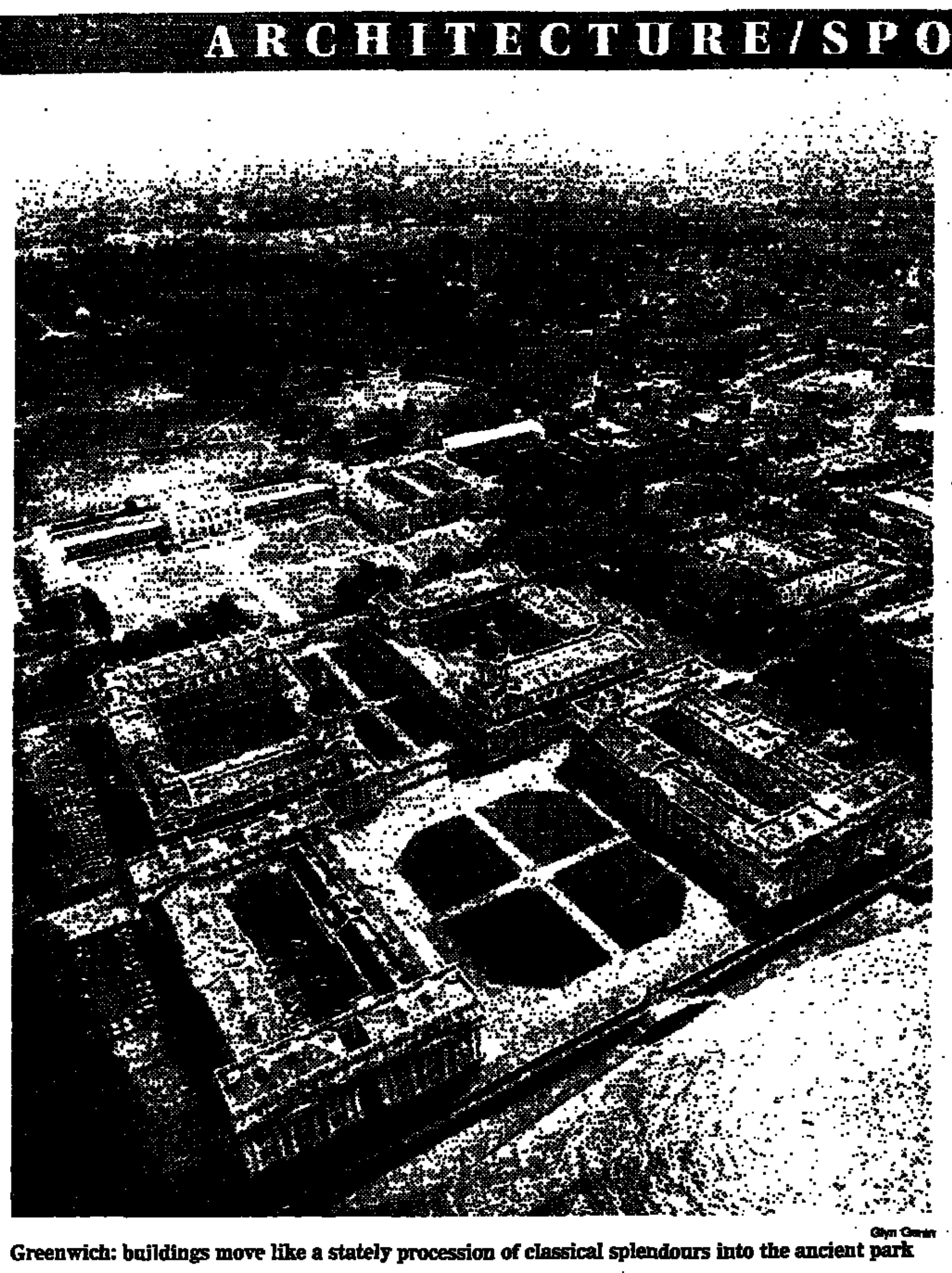
When did you last go to Greenwich? It is the most wonderful place and one so rich in history that it is embarrassing to think of it being forgotten. A favourite royal palace until the 17th century, it is the place where Henry VIII was born, where his armouries were, and where his navy was built. The old palace was still there when *James I built the Queen's* House for Anne of Denmark. Today this Italian villa by Inigo Jones looks diminutive alongside the vast classical pile that is now the Royal Naval College.

It was Charles II who began to rescue Greenwich from the abuses that had been inflicted on it during the Commonwealth, with his plans for a new baroque palace by John Webb. Only part of this was built, but what is there is large and original. When William and Mary decided to live at Hampton Court, where the air was better, Sir Christopher Wren was asked to make Greenwich a naval hospital on the lines of the Chelsea hospital for old soldiers.

It is his domes and colonnades that we see from the river framing the Inigo Jones *Queen's House. The whole* group of buildings moves like a stately procession of classical splendours into the ancient park. The chapel interior by Athenian Stuart and the painted hall by James Thornhill are both remarkable.

Much of the glory of Greenwich comes from the brilliantly organised views from and to the river. Despite the odious Canary Wharf, there is still a strong sense of the Thames and a hint of the sea. Greenwich should be England's Versailles, devoted to the history of the navy and the empire.

Some of the old college buildings could be converted to university use. But something grander is needed. The monarchy belongs in Greenwich at the end of a processional route down the Thames, while Buck*ingham Palace could house the* publicly accessible royal collections: a museum to rival the Louvre at the heart of London. Now that would be something.



Glyn Genin

Greenwich: buildings move like a stately procession of classical splendours into the ancient park

Air breezes back into Windy City Bull ring

SPORT

KEITH WHEATLEY

Suffocation first caused me to take note properly of Michael "Air" Jordan. It was at the Barcelona Olympic Games three years ago. The arrival of US basketball's "Dream Team" to beat up on the puny amateurs of Olympic hoops was the hottest story in town.

Around 400 reporters and photographers were summoned to a small airless conference room for a few words from Jordan. Nike's black banners and logos covered every surface, since the shoe company's sponsorship had made Jordan the most famous face in American sport.

As the temperature rose and the star stayed away, the men who dominated the multi-million trainer business muttered into two-way radios – with little effect. An hour went by. The temperature was well over 100°F, the room's oxygen content zero, the media semi-conscious.

Finally he arrived, said nothing worth writing down, and departed. Since then I have always felt warm about Jordan. In America over the past fortnight it has been hard to ignore him. After nearly two years away from basketball, dabbling with baseball, his return to the court in the distinctive red uniform of the Chicago Bulls has been on every screen and newspaper sports page.

Quasi religious enthusiasm characterised every aspect of the coverage. It was a curious coincidence that the crescendo of the will he?/won't he? stories was reached during Lent. As Easter approached, one Chicago syndicated columnist observed: "If you substituted the word Jesus for Jordan in these frenzied stories, most of the readers would hardly miss a beat."

Television pictures coming out of the Windy City during this period would have baffled an anthropologist from a more advanced culture. Fans clutching Bulls shirts and *hats were shown lying prone* at the feet of a bronze statue of Michael Jordan erected outside the new United Centre where the Bulls have played for the past seven months.

When the god was spotted inside a mundane office building, an impromptu service of wailing plus bongo drums – voodoo meets rap in style – began on the sidewalk outside. Police estimated 400 people to be participating. Not even the White House was immune from the frenzy surrounding basketball's icon.

President Clinton was giving a news conference on a federal measure to create new jobs. Jordan's return was one new job his office had helped create, Clinton joked. (Presumably an oblique reference to Clinton's failure to settle the baseball strike, a big factor in driving Jordan back from his fledgling career with the White Sox baseball team).

"Jordan somehow reduces relatively sophisticated society to the level of primitive idol worship," wrote Sam Smith, a Chicago sports writer. "He is something akin to the ancient mythical gods, who were thought to possess great healing powers."

Certainly the Bulls had been wounded by Jordan's absence. Prior to Jordan's retirement, aged 30, they won three consecutive NBA titles from 1991 to 1993. Since then they have been mediocre, mid-table dull. Small wonder that the fans want *to believe in the great man leading them* home from exile.

However, the magic spreads far wider than metropolitan Illinois. The NBC network recorded its highest national basketball audience for five years when Jordan made his comeback against the Indiana Pacers, but as with all over-hyped events, it turned out to be somewhat of a fizzer.

The Bulls lost 103-96 and Jordan himself was out of condition and ragged. Not so much in front of a camera as under a microscope, the poor man must have felt more like O J Simpson than a basketball star. Jordan tried to keep it simple. His printed release to the media consisted of two words: "I'm back".

That was throwing one small bone to an immense pack of hounds. Not enough. One sports show devoted an entire 30 minutes to Jordan's shirt number. In his pre-retirement days he invariably wore 23. Back in action it was 45. This turned out to be his baseball number, but since very few people had ever watched White Sox minor league, it could be turned into a significant mystery.

When the player finally broke his silence at a post-game press conference, he showed more grip and modesty than many of his inquisitors. "This is embarrassing," said His Airness. "I'm human *like everybody else. Everyone* is treating me like a god."

Knowledgeable basketball fans said that the Bulls' biggest problem was Jordan's unfamiliarity with his teammates. Only three key players survive from the championship years, and several key passes were fumbled by players who tended to stare at Jordan rather than play with him. Coach Phil Jackson admitted that many younger Bulls were totally in awe of the man whose poster they once pinned on their bedroom walls.

Jordan's eight-year, $25m (£16m) contract expires at the end of next season. He says he hasn't been offered or asked for an extension or renewal so far, although he desperately *wants one.* "This isn't a cameo appearance," he said. "I realised I loved the game *too much to stay away.*"

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Abbey National Treasury Services 10⅞% Nts '97 £1050.0
Alba 1.1p
Anglo & Overseas Tst 5.65p
Barclays Bank Und FR Prim Cap Nts £4479.88
Beazer Homes 1.85p
Brent Intl 2.6p
Canon FRN '98 Y6391.0
Cyanamid (UK) Hldgs 8.61% Bd '07 £240.25
Garnmore 3.75p
Govett High Inc Inv Tst 1.12p
Italy (Republic of) FRN '97 Y63906.0
Lonrho $0.0497
Marubeni Intl Fin 6.4% Ser B Bd '97 Y6400000.0
Nat West Bank Und VR Nts $1813.88
Persimmon 6.5p
Platinum Intl Fin Tranche A FR Secd Nts '03 Y2243885.0
Do Tranche B FR Secd Nts '03 Y1617777.0
Do Tranche A FR Secd Nts(2) '03 Y1541944.0
Do Tranche B Fxd/FR Secd Nts (2) '03 Y4850000.0
Pochin's 8p
Reylon Grp 4.9p
Renishaw 2.5p
Sanwa Australia Fin Fxd/FRN '03 $3216.60
Texas Instruments $0.25
Tohoku Electric Power 7.75% Bd '97 $775.0
Tokyo Tatemono 7.25% bd '01 Y725000.0
Do 7.4% Bd '96 Y740000.0
Yokohama Fin Cayman Sb Fxd/FRN '03 $3575.0
YTB Fin (Aruba) Sb FRN '03 $1763.13

■ TOMORROW
Asda Grp Bd '02 £96.25
Bankers Tst New York £1.0
Britannia Bldg Scty FR Sb Nts '05 £18210.62
CPC Intl $0.36
Christiania Bank FR Sb Nts Oct '97 $312.81
Conversion 9½% '04 £4.75
Dunedin Inc Gwth Inv Tst 17.7p
General Electric $0.41
Leumi Intl Inv Gtd FRN '98 $156.41
Manchester (City of) 11.5% Red '07 £5.75
Molyneux Estates 1.5p
Nat West Bank Gtd FR Cap Nts '05 $303.33
Polypipe 0.81p
Scottish & Newcastle 9¾% Bd '06 £97.50
Smaller Co Inv Tst 1.55p
SmithKline Beecham $0.3875
Spirilab AB FRN '98 $17.34
Thornton Pan-Euro Inv Tst 1p
TSB Gilt Fd Partg Red Prf (Cl B) 0.69p
Woolwich Bldg Scty FRN '96 ECU158.44

■ WEDNESDAY
APRIL 26
Abbey National Treasury Serv 6¼% Nts '99 ECU62.50
Anglo Amer Industrial R3.18
Australia (Commonwealth of) 11¼% Ln '15 £284.375
Bank of Nova Scotia FR Db 2000 C$0.31
Bristol & West Bldg Scty FRN '96 £174.14
Britannia Bldg Scty FRN '96 £168.90
Bryant Grp 1.45p
Co-operative Bank Sb FRN 2000 £85.53
Fleming Fledgeling Inv Tst 2p
Imperial Chemical Inds 17p
Italy (Republic of) Gbl FRN July 26 '99 $15.84
Do Gbl FRN July 26 '99 Y5840.0
Lloyds Bank Ser A VR Sb Nts '98 £174.86
London Forfaiting 6.1p
M & G Inc Inv Tst 2p
Do Geared Ord Units 2p
Do Package Units 2p
Roxboro Grp 3.3p
State Bank of NSW 10⅜% Sb Nts '99 $1037.50
Woolwich Bldg Scty FRN '95 £85.22

■ THURSDAY
APRIL 27
AIB Offshore Red Prf 0.8p
Do Partg Red Prf (Instl Intl Eqty Mgd) IR0.58p
Do Partg Red Prf (Intl Eqty Mgd) IR1.05p
Do Partg Red Prf (Stlg Cash) 4.2p
Do Partg Red Prf (Stlg Intl Eqty Bd) 3.9p
Allied Irish Banks IR8.4p
Associated British Ports Hldgs 3.5p
Braime (TF & JH) 7.2p
Do 'A' N/Vtg 7.2p
Capita 2.2p
Domnick Hunter 3p
Exchequer 15% '97 £7.50
Go-Ahead Grp 1.6p
Haggas (John) 1p
Kansai Electric Power 7⅛% Nts '98 £71.25
Kymmene Unsecrd FM12.50
Moorfield Estates 0.5p
Nat West Bank 8% Sb Bearer bd '98 DM80.0
New Zealand 4¾% Bd '95 Y47500.0
Partridge Fine Arts 1.8p
Singapore Para Rubber Est 2.4p
Do 0.65
Sbargo Consulting 2p
Treasury 4⅝% IL '98 £2.4876
YKK 4.5% Nts '99 Y450000.0

■ FRIDAY
APRIL 28
Abtrust Prfrd Inc Inv Tst 3p
Alliance Tst 35p
Do 4% Cm Prf £1.40
Do 4¼% Cm Prf £1.4875
Do 5% Cm Prf £1.75
Allied Irish Banks Sb Primary Cap Perp FRN £164.64
Anglovaal R0.42
Do 'N' Ord R0.42
Asahi Breweries 6.3% Bd '97 Y630000.0
Baltic 2p
Bank of Nova Scotia FR Db 2000 £164.78
Benson Grp 0.12
Berry Starquest 2.2p
Billam (J) 3.1p
British-American Tobacco 6% Cm 2nd Prf 2.1p
British Data Mgmt 1.65p
Cala 1.1p
Calderburn 5.1p
Campbell Soup Cap $0.31
Canadian Imperial Bank of Commerce FR Db '84 $348.80
Canadian Pacific C$0.08
Cheltenham & Gloucester Bldg Scty 11¾% Brg £2837.50
Chieftain Grp 1.5p
Citicorp Banking FR Sb Cap Nts Jan 30 '97 $155.57
Collateralised Mort Secs (No.4) Mort Bkd FRN '27 £99.43
Do (No.5) Mort Bkd FRN'27 £113.10
Do (No.12) Cl A Mort Bkd FRN '29 £37.29
Compel Grp 1.43p
Crockfords 6p
Dainippon Ink & Chemicals 6¼% Nts '99 Y625000.0
Daiwa Intl Fin Sb FRN '01 $1598.02
Do Daiwa Overseas Fin Gtd Auth Cpd FRN '04 $16652.78
Dow Chemical $0.65
Ferry Pickering Grp 3.65p
F & C High Inc Tst 1.2p
F & C Inv tst 0.1532p
French Property Tst 1.45p
Friends *Provident* Ethical Inv Tst 3.49p
Do Units 3.48p
Furukawa Electric 6.25% Bd '97 Y625000.0
Games Workshop 1.5p
Gartmore Emg Pac Inv Tst 0.17p
Global Stock Inv Partg Prf Dlr Cash P'folio $0.10
Do Partg Prf Gbl High Inc P'folio $0.225
Do Partg Prf UK High Inc P'folio 11.4p
Golden Hope Plantations Bhd M$0.05
Grafton Grp IR5p
Grosvenor Dev Cap 1.2p
Hapoalim Intl FRN '95 $315.97
Haynes Publishing Grp 4p
Herald Inv Tst 0.5p
Hiscox Sel Ins 1.5p
Independent Newspapers IR5.5p
Intaurope Tech Serv 2p
Inveresk 3.69p
ISS-Intl Serv Sys B DKr2.20
Italy (Republic of) Bd '14 £1050.0
Jermyn *Inv* 0.5p
Jupiter Tyndall Grp 10p
Kleinwort Overseas Inv tst 1.9p
Law Debenture 13.75p
Lincat Grp 2.7p
Logica 1.75p
Lookers 5.1p
Lovell (YJ) 1p
Lucas Inds 5¼% Conv Bd '02 $52.50
Maunders John Grp 2.45p
Mayne Nickless A$0.18
Middle Witwatersrand R0.025
My Kinda Town 0.1p
Nat West Bank VR Cap Nts 2000 $1622.19
News A$0.015
Do Pfd Lim Vtg A$0.0375
News Intl (Rest/Vtg) 1.62p
Partco Grp 4.2p
Pifco Hldgs 2.1p
Do A Ord Lim Vtg 2.1p
Prolific Inc 0.75p
Rugby Gtd FRN Oct 31 '97 $4919.44
Raine 0.5p
Ransomes Conv Cm Prf 4.125p
Residential Property Secs No.4 Cl A1 Mort Bkd FRN '23 £1651.61
Do Class A2 Mtg Bkd FRN '23 £1673.71
Robeco F13.52
Do Sb F10.352
Royal Bank of Canada FR Db '05 $48.125
Scottish & Newcastle Cm Prf 2.3p
Do 6.425% Cm Prf 3.2125p
Secured Loan Fin No 1 Class A Mtg Bkd FRN '18 £74.96
Do *Mezz* Mtg Bkd FRN '18 £197.39
Sedgwick Grp 3.5p
Shires Inv 4.2p
Takara 1.5p
Thorntons 1.5p
TMC P.I.M.B.S. *First* Fin Class Nts No.7 Jan '29 £72.73
TMC P.I.M.B.S. Third Fin Slow Pay Nts No.48 Oct '29 £167.80
Tor Inv Tst 10p
Toyobo FRN Apr '98 Y63250.0
Transamerica $0.50
TR High Inc Tst 1.6p
Union 1.5p
USF & G $0.05
Reg Vardy 2p
Watmoughs (Hldgs) 9.1p
Wells Fargo FR Sb Nts 2000 $48.61
Western Mining Hldgs A$0.06
Wood (Arthur) 4.25p
Woolwich Bldg Scty FRN '98 £168.65
Wyevale Garden Centres 1.31p

■ SATURDAY
APRIL 29
Lowe's $0.045

■ SUNDAY
APRIL 30
Armour Tst 0.418p
Bankers Inv Tst 8% Db '23 £4.0
Do 10½% Db '16 £5.25
Batleys 10% 5p
Black Peter Hldgs 1.28p
Blacks Leisure Grp 10% 5p
Blundell-Permoglaze Hldgs 7¼% Un Ln '90/95 £3.625
Burmah Castrol 6% Cm 1st Prf 2.1p
Do 6% Cm 2nd Prf 2.1p
Do 8% Cm Prf 2.8p
Do 7¼% Cm Red Prf 2.5375p
CRH Capital [illegible]
Bd '05 $143.75
[illegible]

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Calderburn, Syke Side Drive, Altham, Accrington, Lancs., 12.30
English China Clays, Chartered Insurance *Institute, 20, Aldermanbury, E.C., 11.00*
Exeter Preferred Capital Inv Tst, 65, Wilson Street, E.C., 12.30
[illegible]
Katherines Way, E., 12.30
Nat West Bank, Nat West Hall, 50, Bishopsgate, E.C., 11.00

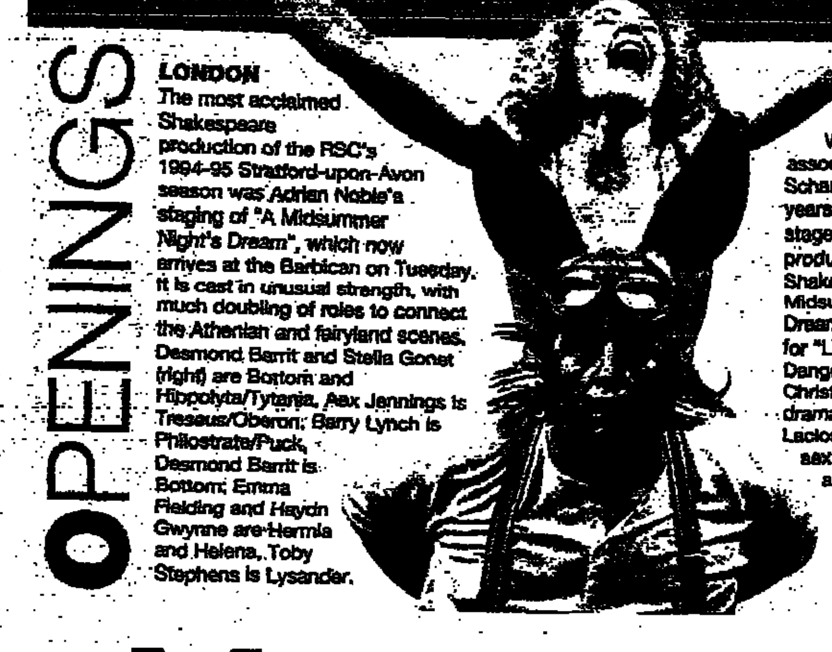
BOARD MEETINGS:
Finals:
Boosey & Hawkes
Centre-Cyclical Inv Tst
[illegible]
Institute, 20, Aldermanbury, E.C., 11.30
TR High Income Tst, 3, Finsbury Avenue, E.C., 12.30

BOARD MEETINGS:
Finals:
Bank of Scotland
Bentalls
[illegible]
SmithKline Beecham, Queen Elizabeth II Conference Centre, Westminster, S.W., 2.00
Spargo Consulting, 62, Threadneedle Street, E.C., 12.00
Vickers, Millbank Tower, Millbank, S.W., 12.00
WSP, Buchanan House, 24-30, Hoven, E.C., 11.00
Watmoughs, Forte Posthouse Hotel, [illegible]
[illegible]

هكذا من الاصل

ARTS

OPENINGS

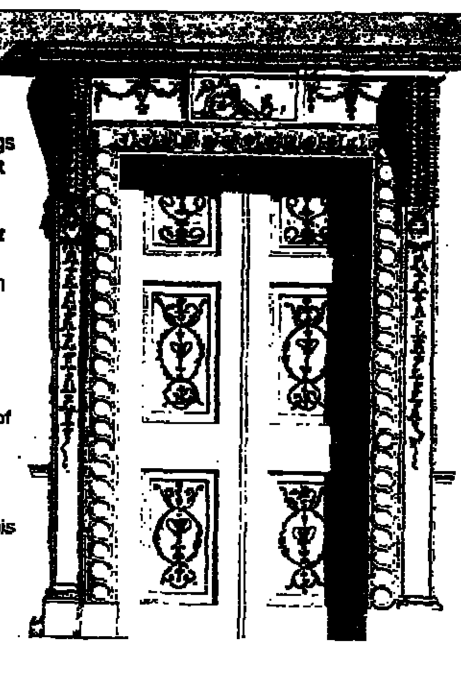


LONDON
The most acclaimed Shakespeare production of the RSC's 1994-95 Stratford-upon-Avon season was Adrian Noble's staging of "A Midsummer Night's Dream", which now arrives at the Barbican on Tuesday. It is cast in unusual strength, with much doubling of roles to connect the Athenian and fairyland scenes. Desmond Barrit and Stella Gonet (right) are Bottom and Hippolyta/Tytania, Aex Jennings is Tresaus/Oberon; Barry Lynch is Philostrate/Puck, Desmond Barrit is Bottom; Emma Fielding and Haydn Gwynne are Hermia and Helena, Toby Stephens is Lysander.

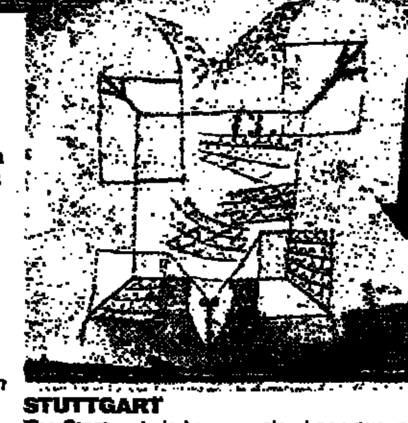
ZURICH
British director Peter Wood began his association with the Schauspielhaus three years ago, when he staged an acclaimed production of Shakespeare's "A Midsummer Night's Dream". He now returns for "Les Liaisons Dangereuses". Christopher Hampton's dramatisation of the Laclos novel about sexual power struggles and exploitation. *First night is on Saturday.*

BERLIN
Harold Pinter's "Moonlight" receives its first German performances this week at the Berliner Ensemble. Premiered at London's Almeida Theatre in September 1993, the play is an enigmatic treatment of the *themes of life* and death. Peter Zadek directs, and the cast is headed by *Michael Degen* and Eva Mattes. First night is on Wednesday.

GLASGOW
Previously undisplayed drawings by Scottish architect David Hamilton (1768-1843) go on show on Saturday at the University of Glasgow's Hunterian Art Gallery. While Hamilton continued the traditions of the Adam dynasty, his drawings show an interest in a variety of styles, including Gothic and Scots baronial, as well as the fashionable Classical *revival* of his day.



MUNICH
Tim Albery, David Pountney, Richard Jones - it's hard to escape the modern British school of opera production these days at the Bavarian State Opera. Albery is the latest former ENO colleague of Munich intendant *Peter Jonas* to be given centre-stage: his new production of "Simon *Boccanegra" opens on* Sunday, with Amanda Roocroft singing her first Amelia, partnered *by Dennis O'Neill's* Gabriele Adorno. Franz Grundheber sings the title role.



STUTTGART
The Staatsgalerie has organised an unusual Paul Klee exhibition, focusing on the artist's fragmented *compositions. Klee's "destructively creative"* technique involved cutting up his works into smaller pieces and sometimes using the fragments for further elaboration. The show brings together 200 works from *around the world and opens on Saturday.*

Man with a spiritual baton

As Herbert Blomstedt begins his final tour with the San Francisco orchestra before Michael Tilson Thomas takes over, **Andrew Clark** discusses his musical legacy

The San Francisco Symphony Orchestra's 1995-6 prospectus offers an alluring glimpse of the future under its music director-elect, Michael Tilson Thomas. The cover is headed New Spirit for a Coming Century, and shows Tilson Thomas in *relaxed and glamorous pose.* Inside, subscribers are invited to "experience the passion" of concerts directed by "a modern, musical Renaissance man of the world".

No matter how you react to this kind of marketing, there is little reason to doubt the promise of Tilson Thomas's inaugural season. Long familiar as a guest conductor, he will give the orchestra a more contemporary American identity, not just in the music he chooses but in the image he projects. There will be more razzmatazz, more contact with the community. Tilson Thomas is a natural showman. *He also happens* to be Californian.

The contrast with Herbert Blomstedt, the Swedish *conductor who has led the orchestra* for the past ten years, could not be greater. Blomstedt represents European musical tradition at its most unshowy and spiritual. A lean, bespectacled 67-year-old, he is a marketing nightmare – unphotogenic, not at all gregarious, and not given to excitement on the podium. Yet his impact on the orchestra and its international reputation has been tremendous.

Blomstedt and the orchestra make their final European tour together over the next two weeks, starting in Lisbon tonight and ending in London and Birmingham on May 9 and 10. For European concert-goers, it will be a last chance to savour the qualities that have made the Blomstedt-San Francisco partnership so rewarding. The tour programmes are drawn exclusively from the core German and Scandinavian *repertoire with which* Blomstedt is associated.

When San Francisco signed up Blomstedt in 1984, it did so on *the basis of a single guest* visit. It was an immediate attraction of opposites – a young orchestra of buoyant individuals, and a *quiet, circumspect* conductor, whose repertoire strengths and disciplined work ethic gave him the aura of an honorary German. In a city *renowned for* liberal values, Blomstedt's lifestyle aroused uncommon interest. He is a devout Seventh Day Adventist, *does not smoke or* drink, and is a vegetarian. He observes the Sabbath (Saturday) by not rehearsing – *although he will conduct* concerts, which he regards as a spiritual celebration.

Blomstedt has not "made" the orchestra – he has simply released its potential. The San Francisco Symphony did not become a full-time concert orchestra until 1980, when its home at Davies Hall was inaugurated. Thanks in part to the way his predecessor, Edo de Waart, brought the orchestra up to strength, Blomstedt has not had to appoint a single front-desk player, other than the principal oboe and assistant concertmaster – both of which were filled internally. *Contrary to what Americans* expect of their music directors, he has not stamped a personal sound on the orchestra.

What Blomstedt *has* done is improve ensemble and encourage his musicians to play idiomatically in major works of the European symphonic tradition – a tradition that has to be grafted onto the consciousness of most young Americans. "He got it pulsing in our blood in such a way that it is now able to grow on its own," says principal oboe Bill Bennett, recalling that before Blomstedt's arrival, many in the orchestra had had little contact with music by Bruckner, Sibelius and Nielsen. "In the beginning, he would pick apart a Brahms symphony measure by measure, going into the length of notes and other minutiae. As time went on he became more interested in the bigger picture, because the tradition he wanted to establish was falling into place, and he could depend on it being there when *he returned to a piece.*"

The clash of cultures produced some awkward moments. *Blomstedt, who had previously served ten years as* music director of the Dresden Staatskapelle, was not accustomed to free exchange of opinion in rehearsal. The musicians saw his *demands as* those of a teutonic taskmaster. But they have learned from each other.

"Blomstedt *is more relaxed* now," says Peter Pastreich, the orchestra's executive director. "He has absorbed the spirit of the city, and his conducting is more natural as a result – he's more flamboyant, more prepared to take risks. It also has something to do with his having more confidence in the orchestra."

That confidence is reflected in the give-and-take which has developed in rehearsal. But in certain areas Blomstedt has remained resolutely himself. He made no concession to American familiarity: he is still "Mr Blomstedt". Nor has he fulfilled the traditional offstage role of a music director in the US – attending parties and squeezing flesh to boost fund-*raising.*

In a rash of assessments during his final season in San Francisco, American critics *have tried to pinpoint the particular* qualities he brought. His most impressive performances were of those large-scale works requiring a secure balance of structure and detail – Bruckner's Eighth Symphony (which he brings on tour), Mahler's Ninth, the Strauss tone poems, Beethoven, Sibelius and Nielsen. Outside these specialities, the results were variable.

"Particularly in Mozart or French and Russian composers – anything requiring a bit of technicolour – his readings have been stodgy," says Joshua Kosman, critic of the San Francisco Chronicle. "It's also clear his heart does not lie in contemporary music, although he does it with a professionalism that most composers would envy."

Blomstedt has favoured a warm, pliable quality over the showy virtuosity practised by rival American orchestras. The San Francisco woodwind are superb, the brass unmistakeably American. The upper strings remain the only weak link – although at home their lack of bloom has been less *obvious* since the 1992 acoustical refit of Davies Hall.

So where do Blomstedt and San Francisco go from here? The orchestra's biggest drawback is its geographical isolation. It counteracts this by broadcasting weekly throughout the US, subsidising recordings and making regular tours. Although the past season saw its first deficit in 15 years, it is in rude health, with more ticket sales than Boston or Chicago. If there is any nervousness about a new conductor, the orchestra does not show it. Tilson Thomas represents change – but a healthy, comparatively risk-free change. When it tours Europe in 1997, we can expect not just different repertoire, but a different kind of orchestra.

Blomstedt will return next season as a guest, but from now on his attention will be fixed on Europe. He is due in London next season for concerts with the LPO, but most of his work will be with German orchestras. *He is being tipped* to succeed Kurt Masur at the Leipzig Gewandhaus, the orchestra with whom *he* will continue his *Bruckner* recordings.

Blomstedt's legacy to San Francisco will be three-fold. In his choice of repertoire and style of performance, he showed it was possible to focus on the transcendental values of music rather than the personality or interpretation of the conductor. He gave the orchestra a more prominent place on the musical map of the world than it could have dreamed possible when he arrived. And in his personal example, he showed an *honesty and integrity* which is rare in any walk of life.

Jazz/**Garry Booth**

Not just for the record

There is a record company *whose catalogue* still includes vinyl discs as well as CD Rom in its choice of formats. *This same company makes* available every recording it ever issued in the last half century regardless of whether *it sells several thousand copies* each year or only one copy in five years. Its catalogue features artists as diverse as Ella *Fitzgerald, John Cage and the* Mbuti Pygmies of the Ituri Rainforest. Among its most avid and longserving fans it can count Bob Dylan and Bruce Springsteen.

The Washington DC-based Smithsonian Folkways Recordings is unique among record companies insofar as availability is a priority over sales volume and trendiness counts for less than historical importance. A continuously evolving collection of blues, folk, jazz, world music and poetry, it is also unique among national sound archives, as it owns the rights to every one of its 2500 albums.

Folkways Records was founded by Moses Asch in 1947. He set out to record the sounds and voices of those who would otherwise not be given a hearing on national media. Among his most *famous "discoveries"* were bluesman Leadbelly, activist folk singer Woody Guthrie and bebop guru Mary Lou Wil*liams. But the Folkways* collection also includes all manner of ethnic music, prose and poetry readings from all over the world and even sound effects. Asch's more obscure "artists", still available on Folkways, include bottle nosed dolphins, Sen Joseph *P* McCarthy and the X-Seamens Institute.

The Smithsonian Institution agreed to acquire Asch's collection a year after his death, in 1986, and promised to keep everything in print on condition it would be self-funding. A benefit gig, led by Dylan and other singers covering Woody Guthrie tunes, was recorded and provided initial financial security. Since then, under the stewardship of curator Dr Tony Seeger it has seen an 800 per cent increase in sales. "We started up just as the CD format was beginning to dominate," says Seeger, "Which meant we had a customer base of people who wanted to replace their vinyl *with new clean copies.*"

But renewed interest in ethnic music, as well as blues and folk, has attracted a second *generation of Folkways fans* too. A Harvard educated ethnomusicologist and anthropologist Seeger knows what in *the world is worth putting out.* As one of a famously musical family – recordings from Pete, Mike and Peggy Seeger feature *in the Folkways catalogue* – he also has an intuitive feel for American folk music: "I was carried in a basket to hear *Leadbelly* aged seven months and met Woody Guthrie when I was nine."

But if Tony Seeger knows his acetates, he also knows how new technology can add value to the Folkways collection. Folkways products have always been famous for having copious liner notes printed in microscopic type. ("We once toyed with the idea of incorporating a magnifying section into the cassette case," he says.) Recently Seeger has collaborated with a software firm to produce a musical atlas on CD Rom which describes the world in musical forms. In CDi format, which allows more music, Folkways has worked with Philips to produce two blues histories, *Downhome Blues* and *Uptown Blues.* Seeger's next project is to make the Folkways database available on the World-Wide Web, *so that the information* hungry can examine the minutae of each of the 25.000 tracks in the archive.

Under Seeger's guidance, the archive continues to grow and more contemporary folk music is made available. His latest releases include songs and chants from the Temiar people of the Malaysian rainforest, an alternative stress-buster which Seeger describes as eerily resonant of Gregorian music, and a beautifully packaged 4 CD box set of essential Leadbelly. "Our aim is to increase and diffuse knowledge about music and other cultures," Seeger explains. "And I want people to go beyond the commodity. Our recordings are only a starting point from which to discover the world."

Dream Songs and Healing Sounds In the Rainforests of Malaysia SF CD 40417: *Leadbelly's Last Sessions* SF CD 40068/71. Smithsonian Folkways Recordings are now available in the UK from Koch *International*, 24 Concorde Road, London W3 OTH. Tel: 0181 993 5949.

INTERNATIONAL ARTS GUIDE

BALTIMORE

CONCERTS
Symphony Hall Tel: (410) 783 8000
● Baltimore Symphony Orchestra: with guitarist Manuel Barrueco. *James Paul* conducts a programme that includes Vivaldi, Puccini and Respighi; 8.15pm; Apr 28, 29, 30 (3pm)
OPERA/BALLET
Lyric Opera House Tel: (410) 727 6000
● Manon Lescaut: by Puccini. A Baltimore *Opera presentation* conducted by Joseph Rescigno and directed by James de Blaisis. Soloists include Barbara Daniels, Elizabeth Byrne and Patryk Wroblewski; 8:15pm; Apr 26 (7.30pm), 28, 29, 30 (3pm)

BERLIN

CONCERTS
Deutsche Oper Tel: (030) 34384-01
● Gala Concert: with Lucia Aliberti, *Alfredo* Kraus and the choir and orchestra of the Deutsche Oper Berlin. Marcello Viotti conducts a variety of operatic pieces; 7.30pm; Apr 25
OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Lohengrin: by Wagner. Conducted by Hollreiser/Thielemann, produced by Götz Frederich; 6pm; *Apr 30*
● The Masked Ball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, *produced by Götz Friedrich; 7.30pm;* Apr 26

FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● Evening of Songs: with soprano *Margaret Price and pianist Thomas* Dewey in a programme that includes Wolf and Strauss; 8pm; Apr 26
● Radio Symphony Orchestra Frankfurt: Andrew *Litton conducts* Elgar, Walton and Britten/Dowland; 8pm; Apr 27, 28
● Viennese Mozart Academy: with *clarinetist Peter Schmidl. Yehudi* Menuhin conducts Pärt and Mozart; 8pm; Apr 25

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● English Chamber Orchestra: with soprano Barbara Hendricks. Hubert Soudant conducts Pergolesi's "Stabat Mater" and Fauré's "Requiem"; 8pm; Apr 27
● Grand Classical Gala: Martin Merry conducts the National Symphony Orchestra in a programme that includes Verdi, Orff, Strauss and Ravel; 7.30pm; Apr 30
● *Puccini Gala Night: Paul Wynne* Griffiths conducts the London Concert Orchestra with sopranos Christine Teare and Clare Rutter, and tenors Adrian Martin and Julian *Gavin for an evening of Puccini* highlights; 8pm; Apr 29
● The orchestra of the Royal Opera House: with soprano Angela *Gheorghiu. Christian Thielemann* conducts Wagner, Mozart and Strauss; 7.30pm; Apr 24
Queen Elizabeth Hall Tel: (0171) 928 8800
● Orff and Poulenc: Ian Humphris conducts the National Westminster Choir and the Westminster *Philharmonic Orchestra to play Orff's* "Carmina Burana" and Poulenc's "Gloria"; 7.45pm; Apr 26
Royal Festival Hall Tel: (0171) 928 *8800*
● Finnish Radio Symphony Orchestra: with pianist Alexei Lubimov. Jukka-Pekka Saraste *conducts Sibelius, Bartók and* Tchaikovsky; 7.30pm; Apr 25
● Royal Philharmonic Orchestra: with violinist Boris Belkin and soprano *Inger Dam-Jensen. Jun-Ichi* Hirokami conducts Webern, Shostakovich and Mahler; 7.30pm; Apr 24
● The London Philharmonic: Franz Welser-Möst conducts Pärt, Sibelius, Martin and Shostakovich; 7.30pm; Apr 27
● The Michael Nyman Orchestra: with harpsichordist Elizabeth Chojnacka and mezzo-soprano *Hilary Summers. World premiere of* the orchestra brought together especially for the Nyman series and includes the premiere performance of "Carrington"; 8pm; Apr 29
GALLERIES
Serpentine Tel: (0171) 402 0343
● *Take Me (I'm Yours)*: a unique opportunity to touch, use, test, buy or take away the objects in this exhibition that has been selected by Swiss curator Hans Ulrich Obrist; to *May 1*
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● *Don Giovanni: a new production* of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 27, 29
Royal Opera House Tel: *(0171) 304* 4000
● Mixed Programme: a Royal Ballet production that includes a new *production of the Frederick Ashton* choreographed "Rhapsody" and the world premiere of "New Forsythe Ballet", choreographed by William *Forsythe to the music of Willems;* 7.30pm; Apr 27, 29 (7pm)
● The Masked Ball: by Verdi. Conducted by Edward Downes, *directed by Patrick Young and with* soloists Deborah Voight, Lillian Watson and Luciano Pavarotti; 7.30pm; Apr 28
● *The Yeoman of the Guard*: by Gilbert and Sullivan. A Welsh National Opera production conducted by Charles Mackerras; 7.30pm; Apr 24, 25

MUNICH

GALLERIES
Bayerische Staatsgemälde sammlungen Tel: (089) 23 80 50
● Henri de *Toulouse-Lautrec:* posters; to Apr 30
Haus der Kunst
● Deutsche Romantic: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their cultural and political impact on *successive generations of German* artists; to May 1

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● *New World Symphony: Michael* Tilson Thomas conducts Ives, Dahl, Bach and Copland; 8pm; Apr 29
Avery Fisher Tel: (212) 875 5030
● *American Symphony Orchestra:* with conductor Leon Botstein, tenor Thomas Young, baritone William Sharp and the New York City Gay *Men's Chorus in a programme* celebrating the 50th anniversary of the founding of the United Nations; 3pm; Apr 30
● *New World Symphony: Michael* Tilson Thomas conducts Mahler and his own "Diary of Anne Frank"; 8pm; Apr 28
Carnegie Hall *Tel: (212) 247 7800*
● Boston Symphony Orchestra: with soprano Sylvia McNair. Seiji Ozawa conducts Ravel, Schoenberg *and Berlioz; 8pm;* Apr 28
● London Symphony Orchestra: with soprano Jessye Norman. Pierre Boulez conducts Ravel, Berg and his own "Notations I-IV"; 8pm; Apr *24*
GALLERIES
Museum of Modern Art Tel: (212) 708 9480
● Kandinsky: Compositions: exhibition featuring approximately 40 works including seven of the *surviving "Composition" paintings; to* Apr 25

PARIS

CONCERTS
Châtelet Tel: (1) 40 28 28 40
● Daniel Barenboim: pianist and conductor with the orchestra of the Deutsche Oper Berlin in a programme that includes Beethoven; 8pm; Apr 26, 28
GALLERIES
Musée d'Orsay Tel: (1) 45 49 11 11
● James McNeill Whistler: exhibition of works; to Apr 30
OPERA/BALLET
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Iphigénie en Tauride: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer. Soloists include *Carol* Vaness, Anthony *Michaels-Moore and Keith Lewis;* 7.30pm; Apr 24, 27

VIENNA

CONCERTS
Gesellschaft der Musikfreunde Tel: (1) 505 13 63
● Budapest Festival Orchestra: with pianist András Schiff. Ivan Fischer conducts Bach, Bartók and Beethoven; 7.30pm; Apr 25
● Viennese Symphony Orchestra: with soprano Gabriela Benackova-Cap and tenor Siegfried Jerusalem. Georges Prêtre conducts Schoenberg and Beethoven; 7.30pm; Apr 28
GALLERIES
Kunst Haus Wien Tel: (1) 712 04 91
● Jean Dubuffet: retrospective with more than 140 works; to Apr 30
OPERA/BALLET
Wiener Kammeroper Tel: (1) 512 01 00
● *I Quattro Rusteghi*: by Wolf-Ferrari. Musical comedy directed by Boris Pokrovskij and conducted by Wen-Pin Cien; 7.30pm; Apr 24, 26

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By Samuel Brittan

Something in it for Germany

One of the most urgent tasks of the next French president will be to come to an understanding with his German opposite number on European Monetary Union. Whether or not the *franc fort* policy holds in the immediate future, the strategic aim of French policy to merge the franc and D-Mark in a European Monetary Union will not be given up lightly.

The big weakness in such plans is to see what there is in them for Germany. Despite the commitment of German government, opinion surveys have shown a widespread reluctance to abandon the D-Mark for an untried new European currency, however tightly drawn are its rules of operation.

The driving force in Germany has up to now been political. The country's leaders, and especially the chancellor, Helmut Kohl, see in the fusion of the D-Mark and the franc a way of cementing the alliance with France. They also see it as a milestone on the road to European political union. Hence the insistence on strengthening the EU parliament at the same time.

The tension between political enthusiasm and economic doubts has hitherto been resolved by a strict insistence on the Maastricht conditions (observance of which will now involve a difficult tightening of French fiscal policy). The recent currency turmoil has, however, introduced a new element. For the first time an economic as well as a political gain can be seen for Germany: namely an end to the intermittent overvaluation of the D-Mark which is making German goods uncompetitive against those of other European countries.

Just over 50 per cent of German visible exports now go to European Union countries. Of these about half are accounted for by countries whose currencies have either floated heavily downwards or seen substantial devaluations. But even countries, such as France, which have tried to hold firm against the D-Mark bloc will find it hard to stay in step in the currency free-for-all which would develop if EMU were put on the shelf.

The effect of D-Mark appreciation has already caused controversy in Germany. Mr Jürgen Schrempp, chairman elect of Daimler-Benz, said his own company was considering transferring its manufacturing to countries with weaker currencies. He was clearly contradicting the view of Mr Otmar Issing, the economic director of the Bundesbank, who said that the D-Mark appreciation had done nothing but good. It has reduced inflationary pressure – German consumer prices have risen at an annualised rate of only 2 per cent in the latest six-month period. He could have added that a high real exchange rate benefits German consumers. Moreover, the effect of the D-Mark on domestic demand can, in principle, be offset by lower interest rates, as in the Bundesbank's recent surprise move.

Nevertheless, moving resources from the export sector to domestic activity is a costly process for a country which has traditionally seen exports as the motor of expansion. It would also be wasteful for German industry to restructure itself for a future of lower exports and more home demand to take advantage of a currency change which might not last. Similar objections arose in the mid-1980s in the US when the overshoot of the dollar made much of American manufacturing temporarily unprofitable. EMU would not help the half of German exports which go outside Europe. But a stable currency regime would make a great deal of difference to the other half, which accounts for more than one-eighth of German output.

Nevertheless, establishing a monetary union that would satisfy German needs is easier said than done. The countries that have gained the greatest competitive advantage to German industry from depreciation include Mediterranean ones such as Italy, Spain, Portugal and Greece. Yet these are the ones which are furthest from fulfilling the Maastricht criteria.

There are, in any case, doubts whether a German government could really resist a powerful Italian political plea to be a founder member of EMU. Rejection would be particularly difficult if the criteria had already been bent or re-interpreted to allow membership for Belgium. Thus there is no problem-free option which would satisfy both the worries of German industry about its competitiveness and the worries of the Bundesbank about joining a group without cast-iron financial credentials. But it is clear that a European currency free-for-all is not something from which Germany could isolate itself or want to see continued.

Direction of German trade (1993)

	Exports to $bn	Exports to %	Imports from $bn	Imports from %
France	42.7	11.7	37.0	11.2
UK	28.2	7.7	16.9	5.1
Netherlands	26.8	7.4	27.5	8.3
Italy	26.5	7.3	26.7	8.1
Belgium-Lux	23.1	6.3	18.9	5.7
Austria	22.6	6.2	19.1	5.8
Spain	11.8	3.2	8.5	2.6
Other EU*	25.3	6.9	24.9	7.6
Total EU	207.0	56.8	179.5	54.5
Switzerland	20.4	5.6	14.6	4.4
Other Europe	34.3	9.4	28.9	8.8
Asia	27.1	7.4	31.8	9.7
World	364.3	100.0	329.5	100.0

*Includes Denmark, Finland, Greece, Ireland, Portugal, Sweden
Source: IMF Direction of Trade Statistics 1994

A movement to money matters

UK unions are struggling through a financial crisis, write Robert Taylor and Andrew Bolger

Britain's trade unions are going through their worst financial crisis for more than 60 years, in what is rapidly becoming a struggle for survival.

Their income is falling, with membership having dropped in each of the last 16 years, while there is increasing scepticism among employees over the benefits of joining a union.

"Many members are starting to question what they get for their subscriptions and they don't think it is a lot," says an official of the AEEU engineering union.

As a result, the unions are being forced to turn themselves into leaner, more professional organisations, through staff cuts and property sales and by streamlining administration.

The recently published annual report from the government's Certification Office reveals a bleak picture of the state of trade union finances by the end of 1993. For the first time since the office began collecting union annual returns in 1976, total net income from membership subscriptions dropped by 3.7 per cent to £498.8m from £517.8m in 1992, while union expenditure climbed to £602.3m from £601.1m.

The UK's trade unions have never been wealthy organisations like those in Germany and the US. Even during the height of their power in the 1960s and 1970s, they operated with low subscription rates that in many unions still average little more than £1 a week, less than 0.5 per cent of members' average income.

But income from subscriptions has been under pressure from falling membership, down more than a third to 8.7m from 13.2m in 1979, when Mrs Margaret Thatcher became prime minister. From nearly 60 per cent of the workforce unionised, the proportion has sunk to less than a third in 16 years.

The unions remain dependent on employers to collect much of their subscription income – more than 70 per cent is deducted by employers from pay under the check-off system. Surprisingly few unions have encouraged members to switch to direct payment of subscriptions, leaving their main source of income vulnerable to employer action. The RMT rail union, for example, suffered a 15 per cent drop in income when British Rail ended check-off arrangements in 1993, because many workers decided not to pay their subscriptions directly and membership declined by over 20,000 to 85,000.

Most unions have failed to build up investments to provide income that could supplement the ups and downs of membership income – often because activists have opposed drawing income from the capitalist system. Union income from investments makes up only about 7 per cent of total union income. It is also declining sharply, and was down by nearly 20 per cent in 1994 to £36.4m from £44.8m in the previous year.

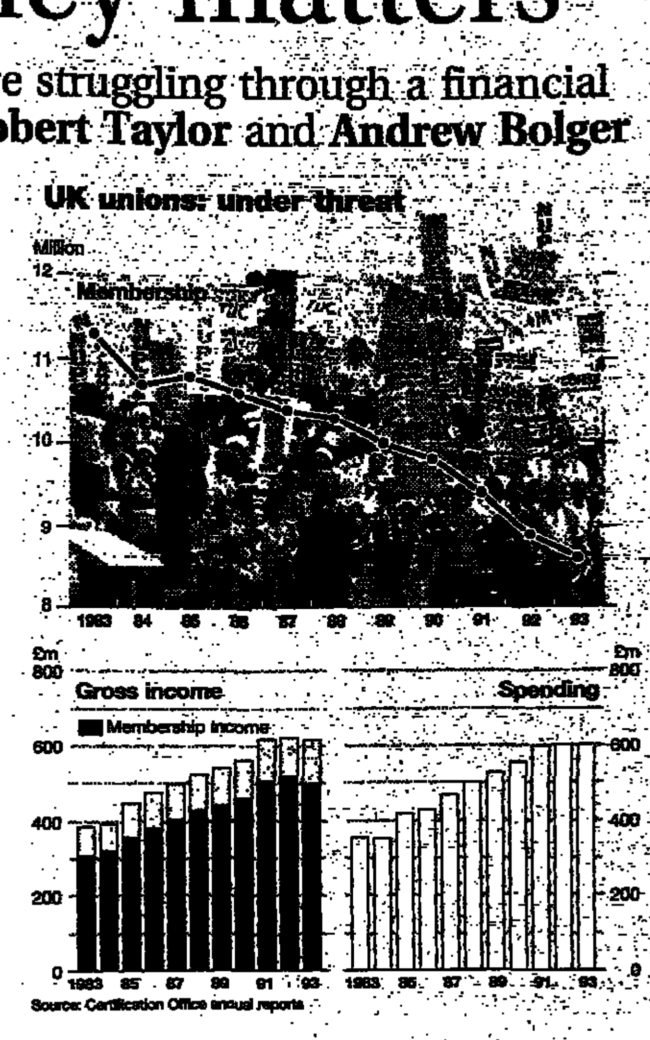
Few unions have given a high priority to keeping their finances in order. There was an ideological contempt for what some called "business unionism". "Too many unions have been sloppy about their financial administration," says an AEEU official.

But now most of the large unions are adapting belatedly to harsher times. Even the GMB general union – the richest union in the country with assets of about £60m at the end of last year – has been forced to reduce its expenditure to avoid running a deficit.

"We are having to trim our sails," admits a union official. This has meant cuts in the amount of travelling officers can do, the number of conferences staged and affiliation fees to international bodies.

The engineering section of the AEEU, which last year made a healthy surplus, relied mainly on the proceeds of a large sale of its district offices and reduction in full-time officials. Streamlining the organisation and introducing computerised technology has helped to reduce overheads. But worries over the financial impact of falling membership have not abated, with the union subscription only £1.65 a week for a skilled worker.

The financial position is much more serious in Unison, the sprawling mega-union formed in July 1993 by the merger of three unions in the public services and now in deficit. The new union had to carry through a £13m redundancy programme with a cut of a quarter in its full-time staff. Subscription income dropped after 7 per cent of its membership failed to renew their check-off mandates.



Source: Certification Office annual reports

The Transport and General Workers union has also had to take action to deal with its financial troubles, mainly caused by the halving of its membership since 1979. When Mr Bill Morris, the general secretary, was elected three years ago, the TGWU's deficit was £13m a year, but this has been almost eliminated through dramatic retrenchment. The union has cut its full-time staff by a quarter, shut up to 60 offices and merged some of its regional organisations.

'Unless we can attract more young workers we are in deep trouble'

"We were losing £1m a week at the end of the 1980s which would have bankrupted the union if it had continued," says a TGWU official. "Now the union is back from the brink." But the union's finances do not remain particularly healthy.

The union in the most serious financial position is Ucatt, the construction union, which has been living beyond its means for years. Its current business rescue plan involving big staff cuts, the abolition of a full-time executive committee and the sale of union properties has aroused bitter division inside the union.

If implemented, it should produce a surplus in its current account by the end of this year – although the union will still have accumulated debts of about £1.5m.

Pressure for financial retrenchment comes at a bad time for the unions. They can no longer rely on the closed shop – compulsory union membership in certain workplaces – to deliver members since the system was abolished in 1989. And there is a threat of greater competition between unions for members with the end of the TUC's Bridlington agreement that used to try to prevent inter-union battles over membership. It is therefore becoming urgent for unions to spend more of their limited resources on winning recruits in an increasingly unorganised labour market.

"Our success in future will depend on the range of services we can offer to the members individually," says one GMB official. "In the past, unions rose and fell in size together as a result of the business cycle. Now there is a danger we will be fighting each other for members."

This makes the demands from members for greater value for money for their subscriptions even more pressing, but most unions still devote the largest part of their budget to administration. In 1993, running costs amounted to £530m, compared with only £71m paid out in benefits for members. "Union administrative costs remain substantial," says Jeremy Waddington from Warwick University industrial relations unit.

Many unions are now tailoring services to meet membership demands, with fresh emphasis on legal advice. Some are offering training, improved pension schemes, personal loans and mortgages, as well as home and motor insurance at favourable rates and a range of discounted offers.

But providing such services can be expensive and the pressure on union finances looks like intensifying. "The government's decision to phase out public financial support for union training programmes over the next few years will add to our troubles," says an AEEU official.

"Unless we can attract more young workers into our ranks we are in deep trouble," admits one union official.

Making trade unions relevant again to sceptical and insecure employees in the flexible labour market is going to cost a great deal. But unless they find the financial resources to launch a revival they cannot reverse their present decline.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"). Translation may be available for letters written in the main international languages.

Importance of going concern

From Mr Bruce Picking.

Sir, The piece by Jim Kelly entitled "Study of company failures questions role of auditors" (April 10) commented on recent research into the extent to which the subsequent failure of companies had been flagged by a warning from auditors about their status as going concerns. I have no reason to question the factual basis of the research although I might wish to argue about its conclusions. I certainly endorse the comments in the article from Mary Keegan, of Price Waterhouse. What is not mentioned, however, is the recent increased attention paid to the issue of going concern and the responsibilities of both directors and auditors in considering and reporting on this important issue.

The Cadbury Code [on UK corporate governance] recommended that directors should make an explicit statement in the accounts that a company is a going concern with supporting assumptions or qualifications as necessary. A joint working group, nominated by my institute, the Hundred Group and the Institute of Chartered Accountants of Scotland, was set up to develop guidance for directors of listed companies on how to comply with this recommendation and, last November, produced a booklet entitled *Going Concern and Financial Reporting*. At the same time, the Auditing Practices Board issued a revised version of SAS 130 "The Going Concern Basis in Financial Statements" and of its Bulletin on "Disclosures relating to Corporate Governance".

These measures are designed to strengthen the consideration given to going concern by directors, to improve reporting in the accounts and to require the auditor to take a more active role without imposing unreasonable burdens on well-run companies.

Bruce Picking,
technical director,
Institute of Chartered Accountants in England and Wales,
Chartered Accountants' Hall,
Moorgate Place,
London EC2P 2BJ, UK

Discipline needed on Internet

From Mr Tim Owen.

Sir, Tim Jackson's call for more government documents to be made available over the Internet is to be welcomed ("Time for the UK to network public information", April 18). However it needs qualification.

Despite the rapid improvements that the worldwide Web is bringing to the anarchic structure of the Internet, finding information there is still not the simple matter he suggests. In his description of his search for US Congressional material, for example, he does not explain how he arrived at the Library of Congress Web home page. Nor does he point out that the volume of information on the Internet and pace of change mean the cross-references to which he refers have to be kept constantly up to date to be of any value.

Given reasonably well structured access, the Internet may be an appropriate medium for access to parliamentary papers, bills and acts, statutory instruments, departmental circulars and consultation papers. The same is true of the government press releases which Jackson dismisses – they frequently include valuable and timely statistics.

So do parliamentary written answers, which are also unavailable online in their full text. And free official literature, such as department of social security leaflets, should certainly be made accessible in this way.

However, HMSO and other public bodies regard much of their intellectual property as being of market value, and already sell it to commercial online information providers. Company accounts services base their information on Companies House data, and credit reference agencies base theirs on electoral registers. Commercial online services also currently provide access to government press notices (*Hermes*), EC developments (*Spearhead*), public works contract announcements (*Tenders Electronic Daily*) and the contents – but not the full text – of Hansard (*Justis Parliament*).

These services may be costly compared with Internet. But they add value because of the tight editorial control that they exercise over their information, and because they are genuinely easy to use.

To be of real democratic value, any publicly funded government information on the Internet must be equally disciplined, well structured and user-friendly.

Tim Owen,
London Research Centre,
81 Black Prince Road,
London SE1 7SZ, UK

Russia signals right to intervene

From Mr Taras Kuzio.

Sir, Your article, "Protection for ethnic Russians" (April 19), confirms Russia's official policy of granting to itself the right to intervene in the affairs of other countries, including by military means, in defence of the Russian population. This confirmation by Andrei Kozyrev, Russia's foreign minister, merely codifies a policy espoused by the Russian leadership and outlined in its military doctrine nearly two years ago.

What is rather peculiar about the Kozyrev doctrine is that it only seems to apply to the Russian minority living outside the Russian Federation. Presumably the abuse of the human rights of the Russian population of Chechnya by Russian military forces since their intervention in December of last year lies outside the newly elaborated doctrine. Yet the largest proportion of the estimated 25,000 civilians who have died in Chechnya during the past five months have been ethnic Russians.

Taras Kuzio,
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120 Wilton Road,
London SW1V 1JZ, UK

Farming practice does not cut chemical usage

From Mr Robin Maynard.

Sir, David Richardson's article on integrated farming ("'Quiet revolution' cleans up agriculture", April 11) refers to a consumer leaflet from the J Sainsbury grocery chain describing integrated crop management (ICM) as "the biggest single change in farming for 50 years". While I support any policy that reduces agrochemical usage, talk of an "ICM revolution" is misleading and potentially dangerous.

Current ICM prescriptions do not actually require any reduction in pesticide or chemical fertiliser use. What ICM really means is that farmers will only use chemicals when it pays – economic savings are the primary motivation. Leaf (linking environment and farming), the organisation David Richardson referred to which promotes integrated farming principles, apparently receives much of its funding from the agrochemical companies. Perhaps that should not matter, but surely consumers have the right to expect independent verified reduction in the use of chemicals from anyone who waves the ICM flag at them?

Apparently not. As David Richardson says, ICM is "an environmentally responsible philosophy rather than a book of rules". Rather more robust action is needed to redress the compromising of food quality, human health and the environment resulting from 50 years of chemical farming.

In contrast, organic farming, as practised to Soil Association standards, delivers real benefits for the environment, for animal welfare and to the consumer; hence it is backed by groups such as Friends of the Earth and Compassion in World Farming. Unlike ICM, organic farmers have to operate to a "book of rules" laid down under both EU and UK law. Consumers who buy organic can therefore be sure that they are supporting truly sustainable farming – not being conned by a pale green "flag of convenience".

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A stronger EU foreign policy

These are confusing times for anyone trying to work out whether the European Union has any real prospect of developing a common foreign policy worth the name. An earnest debate about how to move faster in that direction is gathering pace at a time when the EU's three biggest diplomatic players – the UK, France and Germany – are struggling hard to maintain a minimum of consensus over some of the biggest foreign policy challenges they face, such as the conflict in former Yugoslavia.

The problems encountered by the main EU countries in harmonising their attitudes on the most sensitive issues of foreign policy – especially in those areas where diplomacy overlaps with defence and security – can lend a surreal air to talk about deeper forms of co-operation.

As an example of these problems, German diplomats have in recent days joined the US in counselling against any rush to reward Serbia for its commitment, real or imaginary, to the peace process. Meanwhile, France and the UK have shown sympathy for the Russian view that Serbia needs encouraging. On policy towards Iraq, the alignment is different: the UK backs the US in calling for unrelenting toughness, while France takes a somewhat softer line.

Those difficulties do not mean that the quest for more effective ways of developing a common external policy should be abandoned. The main argument in favour of such a policy remains intact: the fact that in many parts of the world, Europe will either speak with one voice or its voice will not be heard at all. Diplomats from EU countries already spend an enormous amount of their time comparing notes and co-operating; the further they are from Europe, the more this is necessary.

Instead of focusing on proposals for majority voting which will run aground on British and possibly French objections, it might be more fruitful for EU governments to concentrate on building on the co-operation that exists already. A start could be made by boosting the small bureaucracy which is currently entrusted with working out a common foreign and security policy: not just financially, but through the secondment of more senior personnel by member states.

This upgraded foreign policy apparatus could be also put at the disposal of the EU's rotating presidency, making it easier for small countries to use their period in the chair effectively. A well-oiled diplomatic machine, with a wide-ranging brief to look for new areas for co-operation, as well as refining existing ones, could act as a spur for governments to settle their differences over secondary matters.

For the foreseeable future, this apparatus will need to remain an inter-governmental institution, kept separate from the European Commission. But it can still play a role in enabling Europe to speak out in the world, if member states are prepared to inject the necessary resources and political will.

University reform

Britain's university system faces a critical choice. With mass higher education now an accomplished fact and a funding crisis advancing, the government must decide whether it wants to emulate continental or US practice. In essence it is the choice between a system which is largely state-financed, underfunded and undifferentiated; and one which is largely privately funded, well resourced and highly differentiated.

The government should opt for the US course, and do so before inertia takes the UK down the continental road by default.

That means embarking on three principal reforms. First, an increase in university funding by means of higher tuition fees paid by students, with state loans available, to be repaid through a higher rate of income tax. Second, an increase in academic pay tied to more demanding contracts and larger rewards for excellence. Third, tougher government direction necessary because the state will remain the chief source of funding – to ensure former polytechnics perform their original vocational function.

It is important to recognise that there is an advancing university crisis, since the antics of the teachers' unions dominate the headlines, leaving little room for the rest of the education system. As university numbers have escalated, funding per student has declined sharply, class sizes have risen, and academic pay has fallen to the bottom of the league for public sector professionals. Overall state funding has risen in real terms, but not by enough to preserve quality. And it is not likely to do so in the future.

At the same time, the decision to allow polytechnics to call themselves universities raises the danger that engineering and other applied courses will be progressively downgraded as Oxbridge becomes the universal inspiration. There is evidence that this is already happening. If continued, the deleterious effects for students and the economy will far outweigh the negative social consequences of the old two-tier system.

None of the three reforms outlined above will be painless, but all are achievable if ministers proceed in a sensitive fashion. The charging of fees to students should start at a low level. It should be a supplement to, not a substitute for, the state fee. Loan repayments should take the form of a graduate tax related to income, so as not to discourage potential students from poorer backgrounds or graduates wishing to enter lower paid jobs.

Similarly, academic pay should be increased progressively, with institutions free to relate increases to contracts imposing additional duties and rewarding performance. British lecturers are wont to disparage America's "publish or perish" culture. Yet most of the world's foremost research universities are in the US, largely because they find it so easy to attract the world's top academics. The English language is a boon – but not one denied to the British.

Biting the bullet

A bloodless counter-revolution has brought politicians trained in the communist school back to power in much of central Europe. Poland and Hungary are actually led by men who were ministers in the last Soviet-era communist governments. They came back by promising to ease the pain of economic reform, and aimed for the votes of the large number of pensioners and state employees who were part of the distorted socio-economic legacy of communism. It was good politics. But it is becoming increasingly clear that the votes were gained by false pretences.

The old, the young and the sick, as well as the lazy and incompetent, were relatively better off under socialism than they are after five years of reforms which have widened income differentials and rewarded success. But it is not true that they have become absolutely worse off than before.

Poland, for example, now has 9m pensioners, nearly one in four of the entire population. Spending on pensions and other transfer payments has risen from 17.4 per cent to 22.4 per cent of rising total government spending over the last five years, crowding out other claims on the budget. Many pensioners have fared better than workers.

It is a similar story in Hungary where the conservative post-communist government did not even attempt to tackle a bloated social security budget which had been partially financed for decades by foreign and domestic borrowing. But the Mexican crisis and a deepening trade deficit, coupled with bungled privatisation moves, the resignation of a reformist finance minister, and the sacking of a privatisation minister earlier this year, suddenly revealed the unsustainable economic and financial basis for Hungary's revived "goulash socialism".

The first move to restore confidence came on February 7 when Mr Gyula Horn, the prime minister, announced the appointment of Mr Gyorgy Suranyi as the new, monetarist chairman of the National Bank and the equally tough-minded and competent Mr Lajos Bokros as Finance Minister.

Since then, painful measures to cut real incomes, trim government spending, and shift resources from consumption to export have come thick and fast. The latest supplementary budget, now before parliament, will cut the central deficit by a further $1.06bn (£660m), reducing it from 5.4 to 3 per cent of GDP. It comes on top of an 8 per cent import surcharge and a package which will lead to a devaluation of the forint by 28 per cent this year.

In this way, Hungary, fortified by $7bn of foreign direct investment over the last five years and much domestic modernisation, has been positioned to take full advantage of the strong rise expected in global trade this year. The next two years will be painful. But if the shift to sustainable export-led growth succeeds, Mr Horn could yet reap rewards for abandoning his facile promises at elections three years hence.

Gorbachev shivers in his own shadow

Ten years after the former Soviet leader launched his reforms, John Lloyd assesses his record

"Life, its dynamism, dictate the need for further changes and transformations, for the achievement of a new quality of social existence."

That was the view of Mikhail Gorbachev 10 years ago this month, in his first speech to the central committee of the Communist party of the Soviet Union after taking over as the party's general secretary – the most powerful position on earth, as he later described it.

At 54, he had just been elected leader of the party, and thus of the Soviet Union, after a career of steady advance through the ranks of the party. His elevation was anointed by veteran foreign minister Andrei Gromyko as one "with the forthright manner of a Lenin".

Since losing office, he has suffered – with apparent stoicism – an extraordinary switchback of acclaim (mostly abroad) and revulsion (in his own country). The "Man of the Decade" of the 1980s crashed to earth at the beginning of the 1990s, burned by the sun. What will history say of him?

Today Gorbachev heads a foundation that bears his name, travels, has finished his memoirs and is considering standing in the presidential election due next year – although no Russian believes he has any chance of winning.

No longer reviled, he is greeted with indifference, or with condescension. A recent television examination of his career, at which he was present, saw him slapped down by the show's host who must still have been at school when Gorbachev began his leadership.

In a more intimate gathering at his foundation this month, former aides and comrades offered a more positive assessment. But then the brilliant Armenian polemicist, Andranik Migranyan took the floor: since the late 1980s, Migranyan has been warning of the consequences of the collapse of the Soviet Union – a view that at first seemed far-fetched, then became merely unfashionable and is now widely popular. Sitting directly opposite Gorbachev, Migranyan accused him of destruction of the state.

"Why did you not learn from the experience of China? Or of Hungary? There were other ways to reform which were available. Why did you not stop the disintegration? You were general secretary of the Soviet Communist party – why did you not use force if you had to? Why did you not see it would come to this – wars everywhere, refugees, people without a homeland. I, as an Armenian, know this very well."

Gorbachev sat and looked at him, fingers drumming. At the end, he said: "Well, thank God Andranik Migranyan wasn't general secretary of the Soviet Communist party." It was a weak rejoinder.

What did Gorbachev try to do as leader? Did he know? Or did he improvise, with aplomb and éclat at first, but with increasing lack of success as the stage props began to fall about him and the audience turned restive, then hostile?

He himself said he had carefully and long planned to introduce *perestroika* (restructuring), *glasnost* (openness – also publicity) and democratisation. But the need for more radical change became apparent only shortly before he became general secretary in a series of apparently seminal conversations with Eduard Shevardnadze, his foreign minister (now head of state of Georgia) and Alexander Yakovlev, his politburo colleague (just resigned as head of the main state television channel).

In calling for qualitative change in his first speech to the central committee as leader, Gorbachev defined it in the same terms as Yuri Andropov, briefly Soviet leader after Leonid Brezhnev: greater discipline, more investment in industry, especially the military-dominated engineering sector, and "acceleration" in all spheres of life. "Acceleration" – increasing economic efficiency – had been Stalin's watchword in the 1930s, and the new general secretary at first explicitly accepted Stalin's legacy as positive.

One consequence of the emphasis on discipline was a sudden clampdown on alcohol consumption, imposing burdens on ordinary people for which many never forgave him.

"To support the campaign," says commentator Leonid Yunin in his review, *Ten Years of Perestroika*, "you had not to notice the gigantic queues where you had to stand for many hours to buy maybe one bottle of wine, not to notice the fights for a place in the queue for a bottle of vodka, not notice the insulting questions asked of you about the death of your parents in order that you would be allowed to buy vodka for funeral toasts".

The new general secretary – renamed the "mineral [water] secretary" from the campaign – seemed at first to the masses to be bad news. Yet in the next five years, he moved from communist disciplinarian to social democrat; from leading a revival of Leninism to presiding over the death of Marxism; from strengthener of the Soviet state to an (unwilling) observer of its dissolution.

Andrei Grachev, a close adviser, asks: "Was there a plan? Could there be such a plan? We simply had to go forward by probing the thickness of the ice. Finally there was a radical transformation of the relations of Russia with the world. There was a renunciation of the desire to build an alternative world civilisation."

There is a much sourer view, put into print last year by his former chief of staff, Valery Boldin, who threw in his lot with those who attempted the coup in August 1991 and briefly went to prison for it. In his book, *Ten Years that Shook the World*, Boldin paints a picture of a vain, demanding man, quick to learn but slow to thank, under the thumb of a "tough, harsh and domineering" wife – and most damning, increasingly in thrall to the self-serving flattery of western leaders.

"The general secretary," writes Boldin, "found himself bound hand and foot by those forces within the USSR and abroad that had laid out snares to entrap him and he was compelled to lead his party to the slaughterhouse from which he alone emerged unscathed and enriched."

This unforgiving portrait is that which most appeals to the resurgent nationalists and communists in today's Russia. For them, Gorbachev is simply a betrayer – of party, class or empire, or (often) all of these. Attempting to yoke the incompatible – liberalism with communism, freedom with empire, command economy with market dynamism – Gorbachev was deserted by the radicals who transferred their allegiance to Boris Yeltsin and was anathematised by reactionaries.

As memory of his presidency fades, the debate over his place in history intensifies. Archie Brown of Oxford's St Antony's College argues with some passion that Gorbachev at least partly achieved the "four great transformations" he pursued – from command to market economy, from totalitarian to democratic state, from centralised empire to federation, from international threat to peaceful competitor. Others criticise Gorbachev's failure to cope with nationalism, his tendency to swing back to authoritarian practices at crucial moments, and a lack of vision exemplified in his sad words two days after his resignation: "We destroyed without building".

Yet the staunchest defence of Gorbachev is mounted by two men who honour him precisely because he did destroy. One was Yakovlev, the genius of democratisation whose instincts for reform ran ahead of his chief's. "He never stopped talking," says Yakovlev. "It was always hard to say how much he listened. But he moved so far."

The second, even more outspoken, supporter is Alexander Tsipko, a former aide to Yakovlev who now works for Gorbachev's foundation. "You can say a great deal about Gorbachev – about his vacillation, about his mistakes, about his vanity," says Tsipko. "But if we stop at that, what are we? Those who now cry against us . . . are those who would have kept us in the degradation which the Bolsheviks brought to this country.

"This was a man who lifted fear from us. Who allowed us to read, speak, think. Who allowed us to worship freely. Who gave us back our dignity. How can we not honour him?"

Conservative era in the making

MICHAEL PROWSE on AMERICA

If you believe market-oriented conservatism reached the apogee of its influence during the Reagan/Thatcher years, think again. In Britain, the Labour Party's resurgence may mark a regression to the political mean. But in the US no such trend is evident, despite Bill Clinton's election victory in 1992. The only cloud presently on the horizon for US conservatives is the fear that they could be somehow tainted by the alleged involvement of far-right extremists in the Oklahoma bombing.

With hindsight, the Republican election victory last year is looking increasingly like a watershed. Bill Kristol, a leading Republican strategist, describes the shift not as a swing of the political pendulum but as "water breaking through a dam." After decades of Democratic hegemony, he argues, resistance to conservative ideas is suddenly collapsing. Republicans stand on the brink of a victory as sweeping as that achieved by the Democrats in the 1930s under Franklin Roosevelt.

Before dismissing this as ridiculous hype, look again at the 1994 election results. Republicans won handsomely at every level of government and in nearly all regions. But the historic dimensions of the House victory are not always appreciated. Between 1990 and 1994 the Republican vote soared by about a third to nearly 37m. The party had not previously won more than 28m votes in a mid-term election; the Democratic vote fell by about 750,000 to less than 32m.

The magazine Congressional Quarterly points out that no shift of this magnitude has occurred between off-year elections since the one third increase in votes for House Democrats between 1926 and 1930. That was followed by a further 50 per cent increase in the Democratic vote from 1930 to 1934, as the New Deal gathered momentum. The fact that the 1994 victory primarily reflected a surge in the Republican vote rather than a slump in Democratic support suggests that the energy and enthusiasm in US politics now lies mainly on the right.

Kristol is not alone in believing that a fundamental political realignment is occurring. There is a palpable sense of excitement among US conservatives and libertarians. Many believe that Gingrich has sparked a more fundamental debate about the role of government than anything seen in the 1980s, when the focus was on tax cuts. The frenetic activity of the first 100 days is seen as just a taster for what will happen this summer as Republicans address public spending and tax reform.

For the first time in 60 years a significant rolling back of the federal government looks feasible. The mechanism is to be a transfer of powers from Washington to state and local governments. This was not a dominant theme in the contract. But in the past few months it has evolved into the central plank of Republican social policy, rather as privatisation became a mainspring of Thatcherism even though it hardly figured in the 1979 manifesto. The Republican goal is to axe several federal departments and end entitlements to many social benefits, including cash welfare and healthcare for poor families. Washington would instead provide fixed sums as a contribution to the cost of state-run policies.

The power of devolution as a political theme is illustrated by the conversion of Bob Dole, the moderate Senate leader. In 35 years of political service, he talked little, if at all, of the need to "downsize" federal government. But in the hope of winning the Republican presidential nomination in 1996, he now carries on his person a copy of the 10th amendment to the Constitution. This states that powers not explicitly delegated to the federal government are reserved to the states or the people.

It was hard enough for Democrats to fight the pragmatic case for devolution since it seems obvious that decisions are best taken by politicians close to the people they represent. It is even harder to fight a constitutional argument: conservatives are now saying that much of the growth of federal government in the past 60 years (growth which made the welfare state possible) was illegal because it violated the 10th amendment.

Clinton's election victory in 1992 does not contradict the thesis that the conservative revolution begun by Reagan is gaining rather than losing momentum. George Bush's defeat is best interpreted as a punishment for a weak economy. Recall also, that Clinton won only a plurality of votes in a three-cornered fight and achieved this only by marketing himself as a "New Democrat" committed to conservative policies such as tax cuts and "ending welfare as we know it". His failure to deliver fuelled Republican support last year.

The weakened spirit of the Democratic party is the final indication that a historical realignment may be occurring. Many Democrats have already indicated they will not stand for re-election in 1996. This promises larger Republican majorities in both the Senate and the House. In addition Democrats have shifted so far on policies they are now frequently to the right of 1980s Reaganism. This is certainly true on welfare.

The Republicanisation of Democrats is the mirror image of the painful process by which conservatives came to terms with the New Deal in the 1950s. It means that even if Clinton were to cling on to power in 1996, he would be forced to govern as a quasi conservative.

OBSERVER

Cloudy future, Silvio lining

■ Silvio Berlusconi – media magnate, former and would-be future Italian prime minister – apparently has an insatiable appetite for debate about potential conflicts of interest between his political and business ambitions.

A lesser man would be content with having caused a row by taking on the premiership without disposing of the three national television channels belonging to his Fininvest business empire.

Not Berlusconi. Last week he demonstrated creative genius by finding a fresh potential conflict that nobody had even thought of.

He suggested in an interview with the weekly magazine *Panorama* (proprietor: S Berlusconi) the multimedia revolution might be spurred on by merging his television channels with Stet, the Italian telecommunications group.

Stet just happens to be controlled by the Italian state, although the current technocratic government is eager to sell off its majority stake by the end of 1995.

Berlusconi's proposal, floated just ahead of yesterday's regional elections, was greeted with predictable outrage from political and business opponents.

Fininvest issued a statement, pointing out it was just an idea and that there was nothing controversial about linking up computer, telecoms and TV companies.

As the man himself says: "The future is going to turn our lives upside down." The past is still doing a good job of rocking the boat, too.

Here we are again

■ Let's hope Britain's chancellor, Kenneth Clarke, is not superstitious. He meets the New York press today in the Louvre Suite of the Plaza Hotel.

His aides insist there is no policy significance in the choice of venue – which is just as well. After all, many think a previous chancellor – Nigel Lawson – began to run out of luck when he signed the 1985 Plaza Agreement to push the dollar lower; and that Lawson's fortunes further slid after he agreed to try to stabilise currencies in the 1987 Louvre Accord.

Hard boiled eggs

■ If you happen to bump into a bleary-eyed Johannesburg-based foreign hack today, don't harshly pre-judge the cause of the bags beneath the eyes. More likely than not the reporter in question will have been up at the crack of dawn, dutifully attending the annual foreign press corps meeting with Nelson Mandela.

Normally, of course, such an event occurs at a more civilised hour, across a decent bottle of Pinotage and a fine supper. But this year is different. The South African President – 77 years old this year – has deemed the meeting must be a 6.30am breakfast.

And although the 100-odd foreign scribblers belly-ached about the time-shift, it's unlikely that any of them forget to set the alarm clock last night, for fear they might miss something special.

What's more, they can't have an early night. Their guest for a long standing dinner is none other than F W de Klerk.

Bankers' boomtime

■ It seems that no self-respecting chairman of a large British bank was without a £100,000 bonus last year.

National Westminster's bonus for its chairman, Lord Alexander, caused a lot of fuss earlier this year. But a perusal of banks' annual reports shows that Andrew Buxton of Barclays and Sir Willie Purves of HSBC Holdings received the same treatment.

Purves tops the league table of chairmen's pay and perks, despite dropping from £1.06m in 1993 to £633,000. Buxton was second with £523,000, with the part-time Patrick Gillam of Standard Chartered taking third with £507,000.

Alexander's £417,000 puts him in front of Sir Nicholas Goodison of TSB Group, who got £322,928, excluding a pension contribution. Rivals mutter that Goodison works a three-day week, but TSB insists he puts in a full five.

Apart from Gillam, the best-paid part-timer is Sir Robin Ibbs of Lloyds Bank, who got £292,934. At the rear are Lord Tugendhat of Abbey National on £242,393, and Lord Younger of Royal Bank of Scotland on a more modest £192,332.

What on earth could have been the magic formula which produced the same neat, six-figure bonus at three different banks?

Mayday, Mayday

■ The latest Parisian posters displayed by Eurotunnel invite visitors to London on May 1 to "see the English working"; next Monday is a public holiday in France though not Britain. All very well, as long as you fancy spending a good part of the day on a train – and assuming there are no technical hitches.

The Financial Times

100 years ago

New Zealand Finance
The Hon. J.R. Seddon, the Premier, last night announced that the colonial balance sheet was now completed. The colony was again the proud possessor of a surplus of handsome dimensions. This, the Premier said, was a splendid result in the face of a larger falling off in the Customs revenue than had been originally estimated.

In view of past history, some of it not so very old, it is very satisfactory to note the statement just made by Mr Seddon. The other Colonies must observe with jealous eyes that New Zealand is "once more the proud possessor of a handsome surplus," but they must not forget that their neighbour has been through the furnace of affliction like themselves and has been wise enough to profit by the painful experience. Let them go and do likewise.

Queensland Finance
The Hon. Horace Tower, the Colonial Secretary, states that it has become absolutely necessary to introduce retrenchments in the expenditure of the Colony, and to cease issuing loans to cover recurrent deficits.

FINANCIAL TIMES
Monday April 24 1995

5,000 Hutu refugees die as army tries to clear camp

Rwanda government operation ends in stampede

By Michela Wrong in Nairobi

UN officials estimated yesterday that 5,000 Hutu refugees died at a camp in south-western Rwanda, when an army operation to clear the camp ended in a stampede.

Rwandan President Pasteur Bizimungu rejected the UN estimate of those killed in the Kibeho camp on Saturday, claiming that the true figure was only 300. He did not dispute that his army had opened fire, and regretted the loss of life.

The US and French governments issued statements condemning the killings. "The facts are as yet unclear as to how this incident took place and where the blame for it lies," the White House said. "We join others in calling for an end to the killing."

Major Mark Mackay, senior operations officer for the UN assistance mission in Rwanda, said UN Zambian troops and an Australian medical team who searched half the camp found more than 4,000 corpses and 650 wounded. He estimated deaths in the whole camp at 5,000, but said one of his sources had put the final figure as high as 8,000.

Men, women and children were shot or suffocated when an operation by the Tutsi-dominated Rwandan army to clear Hutu camps turned to carnage. Eyewitnesses said the shooting was triggered by a rainstorm which sent refugees running towards a cordon of soldiers who opened fire, creating mass panic.

The incident ends an uneasy nine-month period in which Hutus who fled last summer's advance by the Rwanda Patriotic Front have camped in their own country, too terrified of retribution for last year's genocide to return to their villages.

Nine camps were set up in the zone that came under temporary French surveillance. Since Paris pulled its men out, the new government in Kigali has been pushing for the Hutus to resume normal life and last week the army moved in to push them out.

UN and aid officials said Saturday's bloodshed sent the worst possible signal to 2m Hutu refugees camping in neighbouring countries. UN special representative Shaharyar Khan said: "People who were even thinking of coming back are going to stay put for the time being."

Kibeho killing casts doubt on refugee return, Page 6

Complexity of voting keeps Italy awaiting poll results

By Robert Graham in Rome

Italian voters went to the polls yesterday to elect regional governments and local administrations in the first important test of electoral opinion since the general election of March last year.

The elections affected almost 43m of the 47m Italian electorate and were seen as a trial run for a general election that could be held either before the summer or in October. The outcome will also determine the fate of the government's vital pension reform, now at an advanced stage of negotiation with the trade unions.

For the first time, Italy's political parties have been forced into two broad alliances: a rightwing grouping headed by Mr Silvio Berlusconi, the former premier and media magnate; and a centre-left alliance dominated by the former communist Party of the Democratic Left.

The voting covered all the 15 regional governments of mainland Italy, plus 5,130 town councils, including five regional and 35 provincial capitals. The official result is due today, but exit polls due out late last night were expected to provide a reliable pointer to the outcome.

With opinion polls banned for the last three weeks of the campaign, political commentators were being cautious yesterday over the likely victors. Another element of caution derived from the extraordinary complexity of yesterday's voting process.

Most of the electorate had to cope with at least two separate voting slips (regional and local), and in some instances three (regional, provincial and local). Perversely, the system approved in February for regional elections was different from the first-past-the-post system adopted since 1993 in national and town council polls.

The regional electoral law allowed for 80 per cent of the seats to be allocated by proportional representation, with the remaining 20 per cent going to the party/coalition obtaining the most votes. The system was complicated by each voter being given two votes – one for a party, the other for the person campaigning to be regional president.

Calculations were further complicated by the refusal of three main groupings to associate directly with either of the two big alliances. The populist Northern League of Mr Umberto Bossi, the Radical Reformers of Mr Marco Panella, and Reconstructed Communism, the rump of the old Italian Communist party, all decided to go it alone.

The extent to which voters stayed loyal to the League and Reconstructed Communism could determine the success of the centre-left alliance.

Kozyrev warning

Continued from Page 1

the mountains whose shout causes an avalanche. Enlargement, he said, could solve no practical problems but its impact on Russian public opinion would be serious.

Mr Kozyrev also sought to allay fears that President Boris Yeltsin might be in the thrall of the military because of the Chechnya crisis, recalling that it was Mr Yeltsin who initiated a democratic regime in Russia by facing down the tanks in 1991.

Russian foreign minister Andrey Kozyrev: Countries should use force only in very special situations Picture: Reuter

IMF urges US rate rise to boost $

Continued from Page 1

industrial countries apart from Japan have been revised upwards since the IMF published its last economic outlook in October.

IMF economists have also become more optimistic about growth in Asia, the Middle East and most central European countries. But they are gloomier about Africa, Latin America and most of the former Soviet Union.

The IMF said there was a pressing need to slow down output growth in the US now that the economy had run out of slack. In contrast, economic activity is still running below potential in the UK, but the IMF concluded that British interest rates would have to rise again soon unless the pound strengthened.

If sterling remained weak, the UK government would not be on course to achieve its medium-term inflation target.

The IMF's call for budgetary belt-tightening to help the dollar echoed criticism of the US last Thursday by Mr Helmut Kohl, the German chancellor, who said Washington's policy was "not acceptable". He urged US President Bill Clinton to tackle the deficit more effectively. Tighter budgetary policies were also recommended for most European Union countries, with the IMF arguing that any depressing impact on economic growth would be offset by lifting pressure on interest rates. It added that the best hope of reducing any shortage in world saving and of lowering global real interest rates lay in better budgetary control by the industrialised economies.

In spite of the Mexican debacle, developing countries are still expected to record strong growth this year of 5.6 per cent, albeit a little lower than last year's.

US-German offer tops telecom bid

Continued from Page 1

between first and second rounds; nor is price the only factor.

The consortium of Ameritech and Deutsche Telekom can offer experience in east European telecoms development; it bought 30 per cent of Matav in Hungary and Telekom has modernised and extended the telephone network in eastern Germany. But group members' involvement in the region constrains them in offering the Czech Republic the status of an international telecommunications hub.

Rival bidders said Stet had made the highest bid in Hungary, but lost because of prejudice against Italian buyers. It did not attract a major telecoms company as a partner for its Czech effort. The groups which put in lower initial bids were each confident of their chances in the second round. KPN and Teledanmark both come from countries with which Prague has untroubled relations.

France Telecom suffered from the free-market government's suspicion of French state companies generated by Air France's failed investment in CSA, the Czechoslovak airline. France Telecom has taken a back seat to Bell Atlantic, which is publicly quoted, in its consortium.

THE LEX COLUMN

Trading turns up

The first batch of results from US financial institutions points to a rebound in trading income in 1995, after last year's disastrous performance. A repeat of 1993's run-away bull market is not on the cards, but the tone of mainstream bond and equity markets has turned more favourable, and strong trends in the foreign exchange market are providing fertile ground for traders.

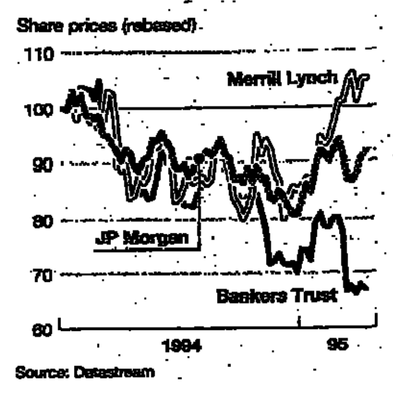
The black spot of the first quarter was the collapse of emerging markets, as financial crisis struck some of Latin America's largest economies. But losses are unlikely to persist into the second quarter, as traders have cut exposure to these markets.

Derivatives trading is no longer generating easy money. The cumulative effect of a spate of losses, culminating in the demise of Barings, has damped derivatives volume, but the impact on business has been patchy. Bankers Trust's legal tussles with clients have dented its image; the bank paid for its heavy reliance on derivatives with a $157m after-tax loss in the first quarter. In contrast, other firms reported higher revenues from swaps.

Financial institutions appear to have learnt some hard lessons last year. They have cut costs and are struggling to contain remuneration. Some are taking steps to insulate themselves from bad trading conditions: Merrill Lynch, for example, now covers 70 per cent of its fixed costs out of fee-income generated by businesses such as asset management and retail brokerage. The fall from grace of proprietary trading reduces the prospects of bumper earnings, but it should also minimise cyclicality.

US financial institutions

Share prices (rebased)



Source: Datastream

Noyaux durs

The current build-up of European privatisations looks set to bring in a bumper harvest of noyaux durs, or cozy groups of long-term shareholders. While Spanish and Italian governments want to cash in on some their more attractive industrial holdings, they are nervous of ceding control. Spain's solution has been to hand on a portion of Telefonica to friendly local banks. The Italian government considered a similar route of passing its stake in Stet on to the powerful Milanese merchant bank Mediobanca.

But while noyaux durs may be an easy option for governments, they are counter-productive. Given the size of the Spanish and Italian stock markets, there is no need to find secure hands for shares in order to ensure market stability. This system parcels shares out to parties whose interests may run counter to those of the ordinary shareholder. Banks want to cement lucrative relationships with industrial giants. They may also chose to take on less attractive investments, merely to curry political favour. Meanwhile, these noyaux durs protect managements from the rigours of shareholder discipline, allowing the inefficient to prosper.

If politicians are concerned about ownership falling into the hands of foreigners, they could set up a system of golden shares. This would enable governments to prohibit changes of control, thereby preventing disruptive takeover bids. But it would also encourage the evolution of a more competitive private sector.

Japanese investors

In the late 1980s, Japanese investors acted as the lungs of international financial markets, spending upwards of $100bn a year on overseas securities. In the past five years, those lungs have been wheezing and spluttering as Japanese institutions adopted an increasingly defensive and domestic investment strategy.

The tantalising question is when and whether Japan will start recycling more of its trade surplus into world financial markets. Japanese investment in international securities last year was a surprisingly high $65bn, but that reflected official intervention to support the dollar, rather than purchases by institutions. Japanese life assurers, the biggest private sector investors, have been running down their overseas portfolios aggressively. This is partly due to the abysmal performance of the domestic equity market; in the 1980s a strong Nikkei underpinned institutions' willingness to venture overseas. Another factor has been the ever-strengthening yen. Yield spreads between Japanese government bonds and US Treasuries and German bunds have widened steadily, but the strengthening yen has eroded the benefits of higher interest rates in these markets.

That said, yields of more than 7 per cent on US treasuries are twice as high as for Japanese government bonds, and must be tempting. But Japanese investors will move abroad only when convinced that the appreciation of the yen has come to an end – and that is something that neither they nor anyone else are willing to call.

UK investment

At the peak of the last economic cycle in 1990, UK companies spent a £55bn on fixed investment, the culmination of a five-year binge. They promptly got their fingers burnt by the severity of the ensuing downturn, and spent the next four years rebuilding their distended balance sheets. They have done this so successfully that they are now awash with cash.

However it is disconcerting that capital spending has not been a priority in the current upturn; investment as a proportion of manufacturing output is at a 30-year low. There was a modest increase last year, with investment in plant and machinery up by 7.2 per cent, but companies are investing far less than their US counterparts at the equivalent point in the economic recovery. This may bring superficial benefits to shareholders in UK companies, as the cash is channelled into the stock market by way of higher dividends, share buy-backs and takeovers. But it is dangerous at a point when the capacity surplus built up during the recession has largely been eliminated.

The temptation for UK companies will be to seek profit growth by increasing prices, rather than increasing investment in manufacturing capacity. Insofar as this adds to the inflationary pressures in the UK economy, it will provoke higher interest rates, at a time when monetary policy must in any case gird itself for higher imported inflation and lower taxes. Hence shareholders should put pressure on managements for details of investment plans, and resist the temptation to clamour for plump dividends.

FT WEATHER GUIDE

Europe today

Skies will clear over the Low Countries and north-eastern France in the wake of a slow-moving warm front. Behind the front, most parts of the continent will be unseasonably warm and sunny with maximum temperatures in Germany of 20C-25C. However, the warm front will produce rain clouds in the UK and France. Parts of southern and south-eastern France will have heavy rain as an active depression near the French Cote d'Azur directs moist air to the north.

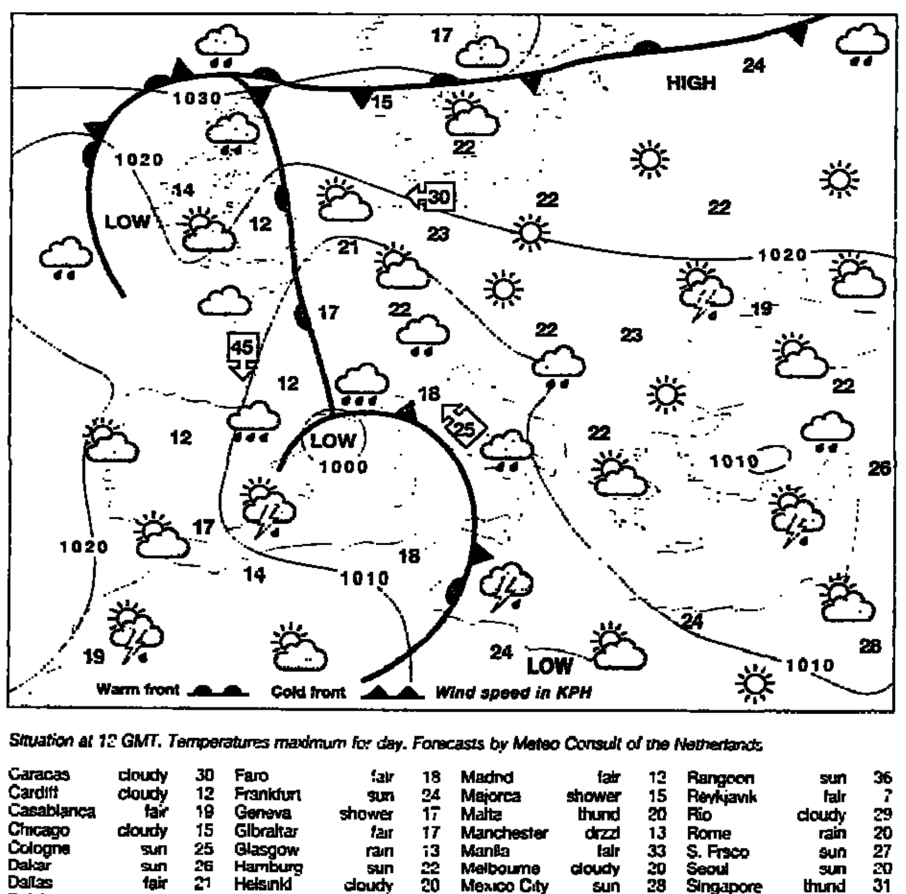
The Pyrenees will have snow above 1200-1500 metres. More rain is expected along the southern slopes of the Alps and Carpatians.

A northerly air flow will keep temperatures in Spain at temperate levels with showers in the north-east.

Five-day forecast

A depression will move from the Cote d'Azur into Germany and then into Russia. It will produce heavy rain with a risk of flooding in the Alps and perhaps, later, in southern Germany and Poland.

Fair and mainly sunny conditions are expected during the week from Russia across northern Germany and into the UK.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	shower	31
Accra	thund	33
Algiers	shower	14
Amsterdam	fair	21
Athens	fair	21
Atlanta	shower	19
B. Aires	sun	25
B.ham	rain	13
Bangkok	fair	36
Barcelona	thund	14
Beijing	sun	21
Belfast	drzzl	12
Belgrade	cloudy	23
Berlin	fair	23
Bermuda	shower	21
Bogota	cloudy	19
Bombay	sun	33
Brussels	fair	22
Budapest	drzzl	22
C.hagen	sun	17
Cairo	fair	28
Cape Town	fair	20
Caracas	cloudy	30
Cardiff	cloudy	12
Casablanca	fair	19
Chicago	cloudy	15
Cologne	sun	25
Dakar	sun	26
Dallas	fair	21
Delhi	fair	36
Dubai	shower	30
Dublin	drzzl	12
Dubrovnik	cloudy	21
Edinburgh	drzzl	13
Faro	fair	18
Frankfurt	sun	24
Geneva	shower	17
Gibraltar	fair	17
Glasgow	rain	13
Hamburg	sun	22
Helsinki	cloudy	20
Hong Kong	fair	28
Honolulu	shower	29
Istanbul	fair	18
Jakarta	thund	31
Jersey	cloudy	11
Karachi	sun	34
Kuwait	fair	28
L. Angeles	sun	29
Las Palmas	fair	22
Lima	fair	24
Lisbon	cloudy	16
London	drzzl	15
Lux.bourg	sun	21
Lyon	rain	17
Madeira	fair	19
Madrid	fair	12
Majorca	shower	15
Malta	thund	20
Manchester	drzzl	13
Manila	fair	33
Melbourne	cloudy	20
Mexico City	sun	28
Miami	sun	31
Milan	rain	16
Montreal	fair	11
Moscow	fair	24
Munich	sun	22
Nairobi	fair	26
Naples	shower	19
Nassau	sun	30
New York	shower	13
Nice	thund	18
Nicosia	shower	26
Oslo	cloudy	18
Paris	drzzl	17
Perth	fair	26
Prague	cloudy	21
Rangoon	sun	36
Reykjavik	fair	7
Rio	cloudy	29
Rome	rain	20
S. Frsco	sun	27
Seoul	sun	20
Singapore	thund	31
Stockholm	fair	21
Strasbourg	fair	22
Sydney	cloudy	22
Tangier	shower	17
Tel Aviv	fair	25
Tokyo	fair	19
Toronto	cloudy	12
Vancouver	fair	17
Venice	thund	18
Vienna	cloudy	21
Warsaw	fair	21
Washington	rain	10
Wellington	cloudy	15
Winnipeg	fair	10
Zurich	cloudy	19

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FINANCIAL TIMES
COMPANIES & MARKETS

Monday April 24 1995

MARKETS THIS WEEK

PHILIP COGGAN:
GLOBAL INVESTOR
Foreign exchange analysts have failed repeatedly to predict important market developments, such as the continued weakness of the dollar, so perhaps it is time for academics to get in on the act. Page 23

STEPHANIE FLANDERS:
ECONOMICS NOTEBOOK
Pundits in the UK have been cracking "endogenous zone" jokes ever since Gordon Brown, the Labour Party's shadow chancellor, referred to "post neo-classical endogenous growth theory" last autumn. Time will tell whether Mr Brown is better at translating the theory into policy than he is at turning it into plain English. Page 23

BONDS:
The yen's rise against the dollar has pushed yields on Japanese government bonds to their lowest level for more than a year and there appears to be little on the horizon which can break this trend. Page 24

EQUITIES:
In New York, gains at the tail end of last week, in blue chip stocks especially, were so sharp that – as a Salomon trader put it – the market is in "nose-bleed territory". In London, nervousness over sterling has joined the list of pressures causing the stock market to worry about the timing of the next upward move in base rates. Page 26

EMERGING MARKETS:
In Pakistan, the KSE-100 Index, which was once seen as the most important symbol of business confidence, has lately lost its charm, shedding almost 600 points – or some 26 per cent – since last October. Page 25

CURRENCIES:
Tomorrow's G7 meeting of finance ministers and central bank governors will provide the focus for the week as foreign exchange traders look for action to stem the dollar's fall. Page 25

COMMODITIES:
Representatives of nearly all the world's big tea exporters will be trying this week to prepare the ground for the formation of the proposed International Tea-producing Association of Countries. Page 23

INTERNATIONAL COMPANIES:
Crédit Local de France, the French financial institution, is in discussions to create a new bank in alliance with two subsidiaries of Paribas which would provide a broad range of services to public sector clients. Page 22

UK COMPANIES:
Hundreds of senior managers at Legal & General, one of the UK's largest insurers, should benefit under a new share bonus plan which is to be broadened as an element in replacing the company's executive share option scheme. Page 20

STATISTICS

Salomon defectors move into UBS

By Maggie Urry in New York

Turmoil continued yesterday at Salomon Brothers, the troubled New York investment bank, as five defectors from its corporate finance department joined the New York office of Union Bank of Switzerland.

The appointments are important for UBS's attempts to build its investment banking presence in New York.

The five are led by Mr Richard Barrett, formerly head of investment banking at Salomon, who resigned from the firm 10 days ago. The others are Mr Robert Nau and Mr Gerard Smith, whose resignations had previously been announced, and Ms Brenda White and Mr Alan Ginsberg.

Apart from Mr Ginsberg, all were managing directors at Salomon Brothers.

Around two dozen managing directors in Salomon's client-driven business have resigned since it introduced a radical pay scheme last October, cutting salaries to a third of 1994's level and tying bonuses to return on capital.

Last Monday Salomon Brothers eased the terms of the pay deal to try and *staunch the flow of resignations.*

The five, who will all be managing directors of UBS, have signed two-year contracts. Mr Barrett is rumoured to have agreed a deal which would earn him $5m over two years. UBS declined to comment on the contracts. One person familiar with the team said that they had been "auditioning around town".

The team specialised in corporate finance for financial institutions and will maintain that interest at UBS. The Swiss bank has also boosted its corporate finance operations in recent months by hiring experts in healthcare and technology.

The latest appointments are likely to be *supported by hirings of research and sales* and trading staff.

UBS has a significant commercial banking activity in New York but its investment banking side is restricted under US laws. It had considered buying Lehman Brothers, the broker, some time ago but *decided against because of the restrictions.* However, reform of the Glass-Steagall legislation which prevents commercial banks from having large securities businesses is now widely expected.

The Swiss bank is expected to expand through hirings such as these rather than large acquisitions. However, it is thought it might consider buying an asset management firm.

The turmoil at Salomon Brothers has left it vulnerable to losing staff. Mr Deryck Maughan, chairman and chief executive of the firm, whose parent is Salomon Inc, acknowledged in the latest annual report that the pay cut left its managing directors earning below market rates.

Dowty to face US air force lawsuit

By Tim Burt in London

The US Justice Department is this week expected to accuse one of Britain's leading aircraft component manufacturers of defrauding the US Air Force of more than $20m.

Lawyers acting for the department are about to file detailed allegations of a "fraudulent scheme" allegedly operated by Dowty Aerospace, the aviation subsidiary of TI Group, the specialist engineering company.

The 40-page lawsuit claims that Dowty Woodville Polymer, which supplied wing slots for the US Air Force's B1-B Bomber and F-111 strike aircraft, deliberately overcharged the government on labour costs, raw materials and overheads.

If the UK group is found guilty, it could face treble damages exceeding $60m.

The action follows a lengthy inquiry by a lawyers and federal *investigators in New York and* Washington, who have been studying allegations by Mr Jeffrey Thistlethwaite, a former manager at Dowty Woodville Polymer.

As part of the case, lawyers acting for Mr Thistlethwaite have launched a "whistleblower" claim – entitling him to a share of any damages awarded – which accuses four Dowty officials of inflating labour and production costs by almost 200 per cent.

Although the US government claim is not expected to pursue action against all four individuals, it is likely to set out further cases where the company has allegedly *conspired to* defraud the air force on component contracts over a 10-year period.

TI, which acquired Dowty in 1992 for £510m, will be served formally with the lawsuit once it is filed with the US district court for the southern district of New York. It will then have at least 30 days to respond to the allegations before both sides begin the process of discovery, allowing them to examine each other's *internal documents and evidence.*

The company said it was aware *of the action and had taken legal* advice, but could not comment further until it received formal notification.

It is expected to contest the action, thought to be the first in which the US government has pursued a case against a company supplying parts from outside the country.

As prospects for Kerkorian's bid sag, **Richard Waters** assesses a possible outcome

Shareholders hope to unlock carmaker's cash

In the days since Mr Kirk Kerkorian surprised Wall Street with a proposal for a $22.8bn (£14bn) buy-out of Chrysler, the chances of a deal have dimmed.

The Las Vegas-based investor who owns 10 per cent of the company's stock has not followed up his proposal with commitments for the $12bn of debt or $3bn of equity he says he needs.

Instead, most of the big US banks which have the ability to raise the sort of cash needed to back the *putative offer* have indicated that they do not want to get involved. And Bear Stearns, which at first said it would advise Mr Kerkorian, has backed off. Like many of the banks, Bear Stearns would stand to lose lucrative business from Chrysler if it supported an abortive bid.

As the days pass, the expectations for a bid have sagged along with Chrysler's share price. The need to strike quickly was summed up by Mr Lee Iacocca, the former Chrysler chairman who has supported Mr Kerkorian. *More than a week ago he said:* "There's a 10-day window that's very important, and they have to get cranking on the financing." Since then, there has been silence.

To some of Chrysler's advisers, all of this is proof that Mr Kerkorian was never serious about the proposal. "It's what we used to call a 19 cent offer," says one. "All it costs you is the price of a stamp." The real aim, he suggests, was to force Chrysler's board to unlock some of its $7.3bn cash hoard.

If this is Mr Kerkorian's real aim, then he has supporters among some of Chrysler's other big shareholders. Mr John Neff, a mutual fund manager whose Chrysler holdings were worth more than $650m at the end of last week, was one of the first to suggest that the company should seriously consider paying out more of its cash.

However, he and other holders stop well short of Mr Kerkorian's claim that Chrysler need hold only $2bn in cash as it goes into the next economic downturn. The company's near-collapse in 1980 and the early 1990s – and the asset disposals and sales of equity to keep it afloat – demon*strated the danger of having too* little cash on hand.

"Anyone who follows our industry closely understands how severe an industry downturn can be and how much cash is required," said Mr David McCammon, chief financial officer of Ford Motor.

How much, though, is enough? Like others, Chrysler says it bases its cash projections in part on the experience of the last recession. Explaining how General Motors arrived at its target of $13-$15bn, Mr Michael Losh, GM chief financial officer, says: "We looked at what we had in the last downturn. We had to cut product programmes and capital *expenditures, and we don't want* to do that in the next downturn."

Chrysler is in a stronger position than in the late 1980s, and may no longer need as great a financial cushion. "They have vastly improved their product line and cost position since before the last downturn," says Mr Scott Sprinzen, an analyst at Standard & Poor's, the credit rating agency. He adds, though, that competition during the next recession will be fiercer than ever: Ford and GM have become more efficient, while Japanese manufacturers have raised their US production capacity.

Also, Chrysler does not have the financial flexibility of Ford or *GM. It lacks the geographic* diversity of their earnings (95 per cent of its revenues last year were generated in North America) and their strong non-automotive profits, for example, from financial services (97 per cent of its operating income was derived from the car and truck business).

However, Chrysler has done little to explain to shareholders why it has settled on $7.5bn as its target. Company officials indicated last week that the $7.5bn *was made up of three elements.* Some $2bn is the amount Chrysler needs to keep on hand to meet normal operating demands. In addition, it burned around $4.5bn of cash in the US's last, shallow recession in 1991-92. The final $1bn reflects the fact that Chrysler now is a bigger company.

Even if the company is right in arguing that it must have $7.5bn on hand, it may not need the money right away. Like Ford and *GM, Chrysler says the strong* North American car and truck markets have some way left to run, despite a weaker start to this year. With operating cashflow of around $2.8bn last year (after $4bn of capital spending), it should generate plenty more cash in the coming months.

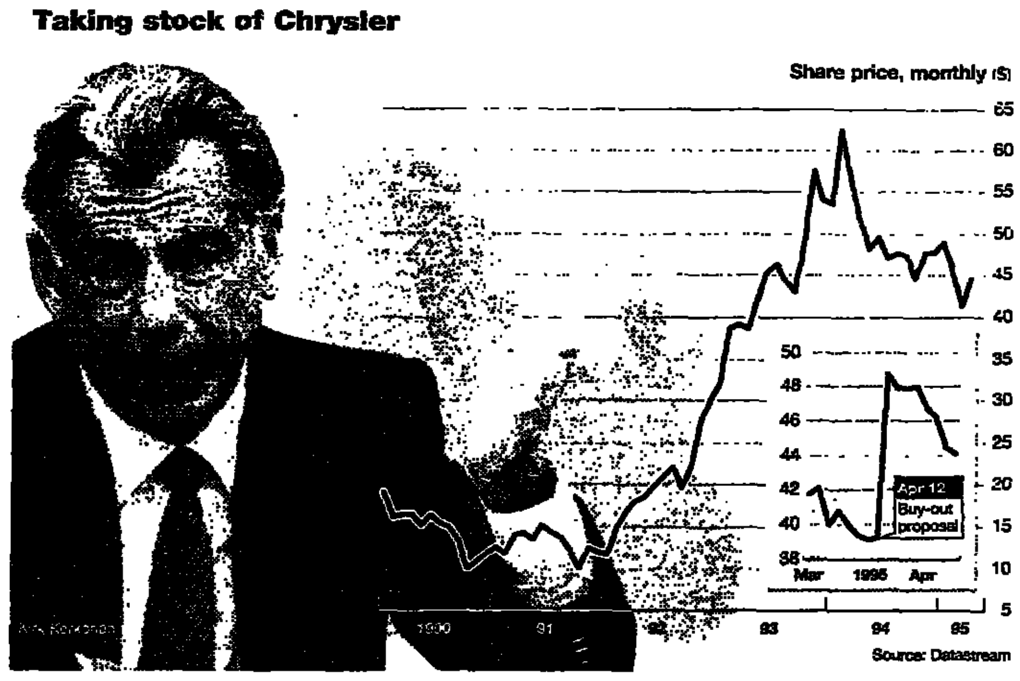
GM, for instance, maintains around $10bn in cash and marketable securities, less than the $13-$15bn target. In the first three months of this year it used nearly $2.5bn of its cashflow to cut its pension fund deficit and buy back shares. "If we thought the next downturn was imminent, we could have cut off the *pension contributions"* and *stop* the buy-backs, says Mr Losh.

Mr Nicholas Lobbocсaro, an analyst at SG Warburg, says Chrysler could buy back 10 per cent of its stock, and still be able to rebuild its cash position out of operations within nine months.

So far, Mr Robert Eaton, Chrysler's chairman, has given no indication that he will alter his finan*cial strategy to please Mr* Kerkorian or other shareholders – though his advisers say that the company constantly reviews its cash position.

Unless Mr Kerkorian can add some spice to his buy-out, shareholders will probably have to wait until Chrysler's annual meeting in St Louis on May 16 to find out whether the company plans to deal out any more of its wealth.

Taking stock of Chrysler



Source: Datastream

This week: Company news

US ROUND-UP

Higher prices save the day for oil companies

In the US, the peak period for reporting first-quarter results moves into its second week. The first week saw many of the largest corporations reporting big increases in earnings, thanks in part to robust growth in the US economy. Investors are optimistic that the same *trend will be evident* in many of this week's results.

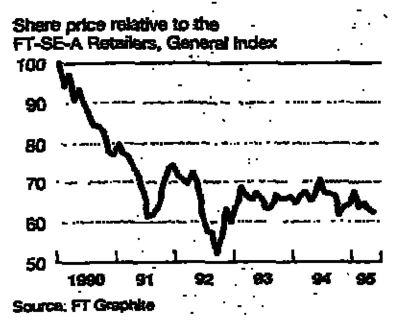
The week begins with today's results from the oil companies. Downstream margins are likely to have been squeezed by the unusually mild winter weather and a surplus of cleaner-burning reformulated gasoline in the US, but higher oil prices and increases in chemical earnings should save the day for most companies. *Amoco's* earnings per share are expected to have risen from 74 cents to 90 cents, Mobil's from $1.31 to $1.46, Texaco's from 69 cents to 85 cents and Atlantic Richfield's from 97 cents to $1.85, but Exxon's are forecast to have fallen from $1.19 to $1.05.

Other companies reporting today include US Steel, which is expected to report a turnround from losses of 56 cents a share to earnings of 32 cents. But Boeing, still suffering from a worldwide downturn in orders, *could* see earnings halved from 86 cents a share to 43 cents.

According to Salomon Brothers, companies reporting tomorrow include UAL, the parent of United Airlines, which should see a *big improvement* from losses per share of $3.31 last time to losses of 52 cents.

Dow Chemical, due to *report on* Thursday, is another big US company benefiting from economic growth: earnings per share are expected *to* have shot up from 65 cents to $1.73. Also on Thursday, Xerox's earnings should have surged from $1.08 to $1.52; Delta Air Lines should have cut its losses from $2.10 to 71 cents; and Procter & Gamble should produce a *solid increase* from 81 cents to 94 cents.

Sears



Source: FT Graphite

UK RETAILERS

Warmth unlikely to melt Sears' profits

The warm autumn and its effect on *clothing sales is expected to be a* feature of three sets of UK retailers' results next week, from Sears group, French Connection and Austin Reed – as it was with results from House of Fraser last week. Sears, which recently celebrated the third anniversary of the arrival of Mr Liam Strong as chief executive and the beginning of a recovery programme, is forecast tomorrow to show a moderate increase in profits from last year's £138m to about £145m ($234.9m).

Mr Strong has achieved a lot in three years, rebasing the dividend, sorting out the group's British Shoe Corporation, cutting operating costs and trying to improve customer service. But there is still a long way to go in a group, which as Britain's largest multiple speciality retailer with more than 3,000 stores, is one of the most complex to manage.

Austin Reed, the upmarket clothing group, is expected on Thursday to announce a strong increase in annual pre-tax profits from £4.1m to about £6.1m. Like-for-like sales figures will probably be strong, although the second half is thought to have suffered from the weather. Also on Thursday, French Connection, the clothing group, hoping to move from the USM to a full listing this year, is expected to show that its recovery is continuing. Profits are forecast to be up from £5.14m to £8.7m.

OTHER COMPANIES

Healthy SKF should augur wider well-being

The robust health of Sweden's export industry should be apparent on Thursday when SKF, the world's leading maker of roller-bearings, becomes the first of the country's big *multinationals to report* first-quarter figures. Analysts are looking for profits of around SKr700m ($96m), more than double the SKr306m achieved in the same 1994 period, as the company benefits from increased volumes and higher prices.

■ **Bank of Scotland:** Founded in 1695, the bank presents its tercentenary annual results on Wednesday. Analysts expect pre-tax profits for the year to February 28 to rise to between £430m *and £460m ($745m) from £268m.*

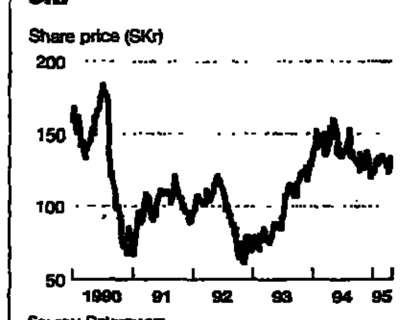
■ **Union Bank of Switzerland:** The annual shareholders' meeting in Zurich on Thursday is likely to be the occasion for another inconclusive confrontation between the bank's directors and BK Vision, the investment company that is the bank's largest shareholder. The two sides have traded heated insults and *legal threats in the past two weeks,* suggesting that no end to their long-running feud over the governance *of the bank is in sight.*

■ **ICI:** Strong volume growth and firming prices in industrial chemicals have been the main engine for what is expected to be an excellent first-quarter trading statement from the UK chemicals group on Thursday. Forecasts are for pre-tax profits of about £190m ($308m), although some £15m of this will be lost to exceptional items. Even so, a high note for Sir Denys Henderson, who will be stepping *down as chairman at the annual* meeting on the same day.

■ **Costain:** The troubled UK-based construction group is expected to announce heavy losses on Friday when it publishes its full-year figures. Last time the group made pre-tax profits of £68.7m due almost entirely to the sale of its profitable Australian coal-mining business. *Since then it has been* struggling to sell its loss-making US coal business.

A substantial write-down of these assets, already signalled by Costain, is expected to have pushed losses last year to well over the £100m mark. The market will be waiting to hear if the group has more to disclose on merger and joint venture talks.

SKF



Source: Datastream

Companies in this issue

L&G extends share bonuses to senior managers

By Alison Smith

Hundreds of senior managers at Legal & General, one of the UK's largest insurers, should benefit under a new share bonus plan which is to be broadened as an element in replacing the company's executive share option scheme.

The plan, which has just begun to be phased in, will run alongside the restricted share scheme already available to L&G's three executive directors.

The executive share option scheme is due to come to the end of its 10-year life towards the end of this year.

The new scheme for senior management is likely to differ somewhat from the restricted share plan. Under the executive directors' share plan, a director receives a total bonus a proportion of which he can – and is expected to – use to buy shares.

These are then held in a trust for five years, at the end of which they can be sold, provided that the director is still working for L&G. In the meantime, he receives the dividend.

"It is intended to increase 'ownership' behaviour as well as providing 'handcuffs'," one L&G executive said.

Under the senior management share bonus plan, managers are allocated shares on the basis of the size of their cash bonuses, and the shares are held in trust for three years. During the three years, L&G receives the dividend.

The schemes are intended to provide incentives for senior staff to focus on the long-term performance of the shares.

The share plans are mentioned in L&G's annual report which is due out tomorrow. This will also give details of the remuneration package for Mr David Prosser, the chief executive, whose basic salary has risen from £250,000 for 1994 to £300,000 for 1995.

However, Mr Prosser's overall pay last year fell slightly to £425,000, largely because of a drop in the value of the restricted share plan.

BZW and Sun Life in venture capital deal

By Patrick Harverson

The venture capital unit of the Barclays-owned investment bank BZW is taking over the management of Sun Life Assurance's £40m venture capital portfolio in a deal which will also see the life insurer inject an additional £45m into the unit over the next three years.

With BZW pledging to match Sun Life's investment pound for pound, BZW Private Equity – formerly known as Barclays Development Capital – will have an extra £140m over the next three years to invest in management buy-outs and buy-ins.

The arrangement with Sun Life comes at an important time for BZW Private Equity. The £50m in BZW funds that it has been advising since 1987 are now fully invested, and with the MBO and MBI market growing rapidly the unit was eager to find access to a new and large pool of capital from outside the group.

Mr Errol Bishop, managing director of BZW Private Equity, said: "An ability to underwrite all the equity quickly in large transactions is increasingly important in our market. To do this we need access to third party money as well as our own."

In 1994, the value of management buy-outs and buy-ins rose 18 per cent to £3.4bn. The market has been even busier in the first quarter of this year, with more than £1bn of transactions reportedly completed.

Moreover, deals are getting bigger, with the average size rising to £6.8m in the opening three months of the year.

Harland seeks new platform

John Murray-Brown explains the shipyard's change of direction

At its annual meeting this week, Harland and Wolff, the troubled Belfast shipyard, is expected to confirm a big shift in policy. It aims to move to the production of specialist vessels for the oil industry to try to counter continuing losses at its tanker business.

With little expectation of improvement in the shipping market, the company has been forced to bring forward design and production plans to build floating platform vessels for the offshore industry.

As with other European yards, H&W has been driven to produce the higher value-added vessels because of price competition in its traditional product areas from south-east Asia.

"Up to the time the Koreans decided to put in new capacity, we believed there was a chance for us to stay in standard ships. Now we don't see any chance," says Mr Per Nielsen, chief executive.

H&W is bidding for a contract to supply a floating production, storage and offloading FPSO vessel for a British Petroleum development in West Shetland. The winner is expected to be announced on June 1.

The Belfast company is also bidding for three other FPSO projects in the North Sea, two with non-UK oil producers. The long-term plan is to tender for the construction of liquefied natural gas carriers. With Oman's large gas fields expected to come onstream in the next few years, H&W is hoping to capitalise on the Gulf state's traditional links with the UK to secure some orders.

The H&W yard, with annual throughput capacity of 160,000 dwt is one of the world's biggest. Its also enjoys a proximity to the oil fields where new technologies are transforming the economics of deep-water exploration.

If it is successful in the BP contract, Mr Nielsen is optimistic the company can break even in 1995. This compares with losses of £16.7m last year, before an exceptional gain from a loan stock restructuring of £53m.

Since being bought by a management and employee team led by Mr Fred Olsen, the Norwegian shipowner, H&W has made impressive productivity improvements, but has suffered from the downturn in ship prices, underlined by the increasing loss provisions necessary on future orders.

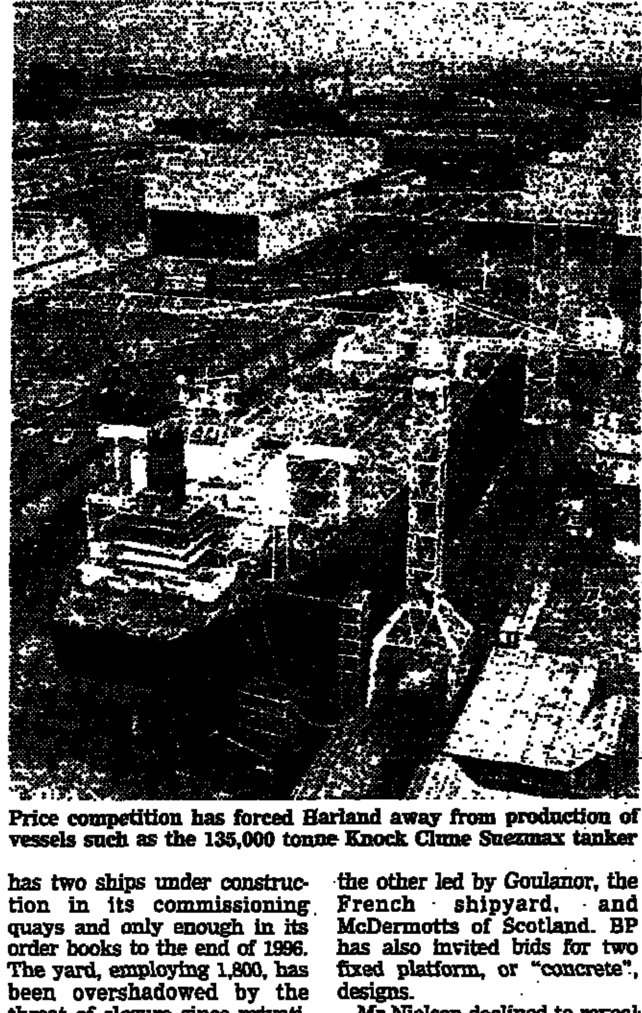
Mr Nielsen says a double-hull tanker built in 1993 was sold for £64m. A repeat order of the vessel, delivered last year, fetched only £50m.

"In shipbuilding you take a loss at the same time as you take a contract, there is no way around it."

In the latest accounts, H&W has taken a £10.8m charge as provision for future losses.

"Compared with the first Suezmax tanker we built in 1990, today we use half the man hours. But if the price is not more than the materials, it doesn't matter how many hours you use, it's still a bad business," says Mr Nielsen.

Under its vast Samson and Goliath cranes, the company has two ships under construction in its commissioning quays and only enough in its order books to the end of 1996. The yard, employing 1,800, has been overshadowed by the threat of closure since privatisation.



Price competition has forced Harland away from production of vessels such as the 135,000 tonne Knock Clune Suezmax tanker

H&W is bidding for the BP contract as part of two separate consortia – one with Brown & Root and SBM, and the other led by Goulanor, the French shipyard, and McDermotts of Scotland. BP has also invited bids for two fixed platform, or "concrete", designs.

Mr Nielsen declined to reveal how much the contract would be worth, but it is understood that the company could earn about £75m for its part in the construction.

Turkey to sign $500m loan

By Antonia Sharpe in London and John Barham in Istanbul

Turkey is dipping its toe back into the international capital markets just one year after a severe financial and economic crisis forced it to beat a hasty retreat.

This week the Turkish government will sign a $500m three-year loan with 18 international banks. In addition, a one-year $30m syndicated loan for the state-controlled Vakif-Bank is being arranged by Citibank.

Before its balance of payments crisis early last year, which caused a virtual collapse in its economy, Turkey had increased its dependence on foreign loans to finance its current account and budget.

But the international capital markets turned dry on Turkey 14 months ago when its problems prompted Moody's and Standard & Poor's, the two leading credit rating agencies, to strip the country of its investment-grade rating.

However, market sentiment towards Turkey is improving following signs that the government's austere measures to put the economy back on track are taking effect. "It is time for banks to look again at Turkey," said a Citibank official.

Last week, the Paris-based OECD said Turkey should enjoy a moderate export-led recovery this year, assuming the government meets strict economic targets. In its annual report on Turkey, the OECD forecast 2.8 per cent growth for 1995 compared with last year's 6 per cent decline in GDP.

The OECD warned, however, that the risks attached to its projections were large and that the principal source of uncertainty was the government's ability to meet its 1995 budget targets and to lower inflation.

Concerns remain about the poor quality of the supervision of Turkey's banking system by the central bank and the treasury. Three private banks crashed last year and some foreign lenders are still waiting to get their money back.

Although VakifBank is state-controlled, Citibank has attached strict terms on the loan, the proceeds of which will finance the exports of VakifBank's clients. In the past, these so-called "pre-export finance" facilities to Turkey were so loosely drafted that often the money was not used for the intended purpose.

However, VakifBank will be required to produce quarterly statements detailing how the money has been spent and the loan will be repaid with export earnings. VakifBank will pay a margin of about 145 basis points over the London inter-bank offered rate (Libor) while the government is paying in excess of 275 basis points over Libor. The higher margin reflects the longer life of the loan.

Graham Group raises directors' benefits 93%

By Patrick Harverson

Graham Group, the builders' merchant which announced a 37 per cent rise in pre-tax profits to £18.9m for 1994, increased emoluments to directors by 93 per cent during the year - from £372,000 to £718,000.

The rise reflected big increases across each category of directors' remuneration; basic salaries almost doubled, bonuses rose almost 170 per cent, pension contributions jumped from £30,000 to £78,000 and fees to non-executive directors soared from just £8,000 to £109,000.

The biggest beneficiary was Graham's highest-paid director, who was not identified in the company's annual report but is almost certainly Mr Ian Mills, chief executive. His total package more than doubled from £99,000 in 1993 to £192,000, thanks to a large increase in his basic salary and even bigger rises in his bonus and the pension contributions paid by the company.

Glaxo faces further US hurdles over Zantac

By Daniel Green

Glaxo still faces the possibility of competition in the market for Zantac, the world's biggest selling drug, in spite of a patent court victory over the weekend.

The US Court of Appeals for the Federal Circuit upheld one of two patents covering the ulcer drug. This patent, known as Form 2, should now hold until 2002 in the US.

But legal action continues over another patent, Form 1, which is scheduled to expire between the end of this year and 1997. Defending this patent may be more difficult because Glaxo will probably have to show that companies which say they are making Form 1 are actually infringing the Form 2 patent. The companies concerned, led by Ciba, say that they have found a way to make Form 1 legally.

At stake are the $2bn annual US sales of Zantac, which has been the world's biggest selling drug since the mid-1980s.

New Russian drugs company seeks $3m

By Antonia Sharpe

Nearmedic, a new Russian pharmaceuticals company which is linked to one of the country's oldest and most respected scientific institutes, is seeking to fund its expansion by selling about $3m worth of shares to foreigners.

Although the private placement memorandum outlines the many risks facing potential investors, from the likely lack of liquidity in the shares to the unreliability of the accounts, the deal has aroused interest.

"We have long felt that the Russian scientific community is a very fertile ground for western investors and this is the first opportunity for institutional investors to support new-wave Russian companies," said Mr Christopher Woodgate, executive chairman of Ice Securities, the London-based specialist broker which is arranging the share issue.

A growing number of companies in Russia and republics of the former Soviet Union are turning to overseas investors for financing because of the inadequacy of the domestic capital markets.

Cresvale, another specialist broker, is arranging an international placement of between $3m and $6m worth of shares in Lithuania's Vilnius Bank.

Mr Paddy Shanahan, head of the European emerging markets group at Cresvale, said these smaller deals offered greater value to investors than the planned privatisations of inefficient relics from the Communist past.

Nearmedic will use the proceeds of its share issue to fund the growth of its business which is the manufacture and sale of vaccines and kits to diagnose sexually-transmitted diseases (STD) and to test the safety of blood in blood banks.

It also wants to develop a network of private clinics to detect and treat STD.

The share issue will allow Nearmedic to develop the business as an independent company. It was set up as a Soviet-British joint venture by the Gamaleya Institute for epidemiology and microbiology in 1990 following the Russian government's decision to stop its funding.

Nearmedic believes there is a significant market for diagnostic products and services due to the virtual absence of such products in Russia and the CIS republics.

It also hopes to benefit from the likely growth in spending on healthcare. In Russia, total healthcare expenditure is about 2 per cent of GDP compared with a European average of about 7 per cent.

Xylogics pays $9m for Scorpion networking

By Alan Cane

Scorpion Logic, a small, privately-held networking company based in Watford, has been acquired by Xylogics, a US company based in Massachusetts. The purchase price is about $9m (£5.5m).

Xylogics will take a charge against earnings of about $900,000 to cover the cost of abandoning technology developed by Scorpion – and treated as an asset in its balance sheet – which duplicates Xylogics' own developments.

Xylogics, quoted on Nasdaq, is one of the leaders in software and hardware, allowing members of a mobile workforce to dial into their corporate computer system. It turned over some $50m last year with profits before tax of about $5m.

Scorpion and its wholly owned subsidiary Infinite Networks, which specialise in routing products for digital (ISDN) telecommunications networks, turned over some $3m last year with pre-tax profits of about $300,000. Mr Bruce Sachs, Xylogics chief executive, said the addition of Scorpion's ISDN technology complemented the US company's network access products.

Mooted MBO takes Intercare up sharply

By Tim Burt

The executive directors of Intercare Group, the healthcare product supplier, have approached the board regarding a management buy-out.

Explaining a sharp increase in its share price, the company said directors led by Mr Peter Cowan, chief executive, had sought permission to "explore the possibility of making an offer" for the entire share capital. The shares rose 10p to 74p on Friday, a new high for the year. They have gained more than 20p in the past month.

Mr David Forbes of NM Rothschild, Intercare's financial adviser, said the move had been prompted by a management feeling that its £18.1m market capitalisation failed to reflect its true value.

Eastern to buy 100% of Tyne gas field output

Eastern Group – formerly Eastern Electricity – is to buy the entire output from the Tyne gas field being developed in the southern North Sea by Arco, the US oil company, and Goal Petroleum.

The deal is worth £400m over 15 years. The first gas is expected to be delivered to the Bacton terminal next year.

Tyne is the third big gas purchase by Eastern since it entered the commercial and industrial gas market. Some of the Tyne gas may also be used in its power plant being built at Kings Lynn, Norfolk.

Eastern said it was interested in securing further gas supplies, and might eventually take a small equity stake in the Tyne field along the lines of its 6 per cent stake in the Johnson gas field.

هكذا من الأصل

Physicists in Cambridge, computer scientists in Dublin and designers in Milan...

A unified approach to total customer satisfaction

Hitachi in Europe

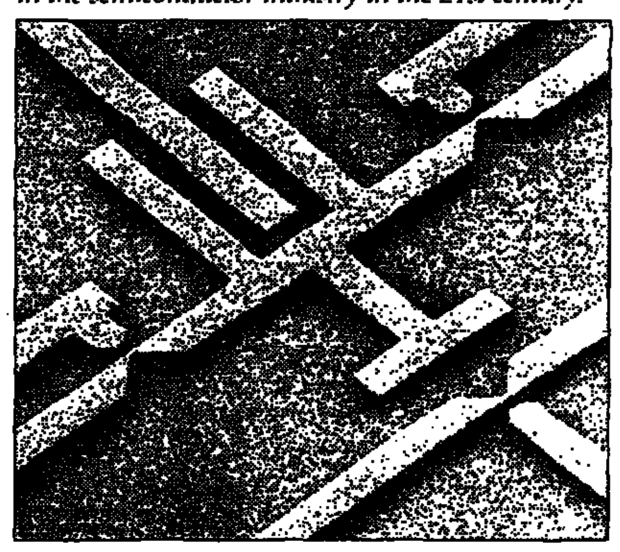
Creative, original research. It's the key to developing innovative products. To ensuring continued competitiveness. And to making a difference. That's why Hitachi is committed to collaborative research and development. By bringing together people from different cultures, backgrounds, and disciplines, we can break through the limits of current technology. Our operations in Europe are a good example.

In Cambridge, Hitachi researchers work side-by-side with university physicists in the field of quantum devices. The Hitachi Dublin Laboratory, in Trinity College, focuses on advanced computing and recognition. And Hitachi's Design Group, with offices in Milan and Munich, works closely with leading European designers.

These creative synergies have produced noteworthy results. In February 1993, the Cambridge laboratory announced the successful operation of a single-electron memory. As a first step toward the commercial production of memory devices in the terabit range, this development has profound implications.

The Dublin laboratory has developed an intelligent artificial retina. Based on neural network and optical parallel computing technologies, this device brings us closer to the prospect of computers that can see like humans. The Design Group's achievements include a bullet train capable of speeds in excess of 300 kilometers per hour.

Hitachi's breakthrough in the field of single-electron memories has paved the way for dramatic progress in the semiconductor industry in the 21st century.



These and other success stories have reinforced our belief in the rewards of working together. In quantum devices, in advanced computing, and in conceptual design solutions, working with partners is helping Hitachi to make a difference in people's lives.

That commitment to making a difference is an integral part of our entire product line, which encompasses more than 20,000 items for countless industries, including information systems and electronics, power and industrial systems, and materials and other products.

In all of those diverse fields, Hitachi has grown by remaining true to its corporate philosophy—contributing to society through technology. As competition intensifies in the years ahead, we will continue using our world-class R&D and technical capabilities to develop and manufacture high-quality products. Products that make a difference. In Europe, and around the world.

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COMPANIES AND FINANCE

Crédit Local and Paribas in talks on link

By Andrew Jack in Paris

Crédit Local de France, one of France's larger financial institutions, is in discussions to create a new bank in alliance with two subsidiaries of Paribas which would provide a broad range of services to public sector clients.

The move represents a forceful challenge to the existing French legislation governing CLF, which tightly restricts its ability to act as a bank, and could have widespread implications for its rivals.

The idea has been developed because CLF, like other similar French companies, is legally classified as a "specialist financial institution", which means it is unable to undertake such normal banking activities as giving short-term credit or taking deposits.

The new structure would get around this restriction and substantially broaden the role of CLF in the financial sector. It could also lead to closer commercial co-operation between CLF and the retail banking operations of Paribas.

Under the current plans, a new subsidiary called CLF Banque would be created with FFr50m ($10m) in shares, 60 per cent owned by CLF, and the remaining 40 per cent equally split between two Paribas subsidiaries: Compagnie Bancaire and Crédit du Nord.

CLF Banque would have the power to offer a far wider range of services including accepting deposits, offering short-term credit, cash management and investment. It would specialise in services to its existing clients: public authorities and related bodies involved in local development such as infrastructure projects.

CLF has submitted detailed proposals to the banking committee of the Bank of France, which is responsible for regulation and must approve the creation of any such new entity.

It argues that the new status would help its clients while also allowing the bank to evaluate their financial health and solvency more effectively by being able to monitor their accounts.

Some FFr1bn in treasury deposits already held by CLF on behalf of existing clients would be transferred to the new structure, which would be based in CLF offices and be limited initially to a staff of about 20.

Colgate held back by expansion costs

By Richard Tomkins in New York

The cost of undertaking a big expansion in Latin America at the beginning of the year held first-quarter earnings growth to less than 5 per cent for Colgate-Palmolive, the US consumer products company.

However, new products helped it increase its share of the North American market, which in recent quarters has been a source of weakness.

Earnings before interest and tax rose by 14 per cent to $285m but the cost of acquiring Kolynos, the dominant toothpaste company in South America, produced a jump in interest charges to $43.8m from $20.6m. As a result, net income rose by just $6.9m to $156.5m.

Fully diluted earnings, lifted by share repurchases, rose 7 per cent to 97 cents a share.

Colgate-Palmolive bought Kolynos in January from American Home Products for $1.04bn in cash. The acquisition boosted its share of the world toothpaste market to about 50 per cent.

Including a first-time contribution from Kolynos, worldwide unit volume rose by 8 per cent and revenues rose by 12 per cent to $1.98bn. Without Kolynos, unit volume would have risen by 6 per cent and revenues by 10 per cent.

The Kolynos acquisition helped Colgate-Palmolive counter the effects of the peso devaluation on its Latin American business, which accounts for about 25 per cent of group sales.

But the company said unit volume in Latin America increased by 12 per cent and dollar sales rose by 5 per cent even excluding Kolynos's contribution.

Colgate-Palmolive said its North American division had its best sales performance in eight quarters, with revenues up 6 per cent and unit volume up 3 per cent.

The European division, *reflecting the strength of European* currencies, produced a 15 per cent increase in dollar sales on the back of "modest" volume growth, while the Asia and Africa division saw a surge of 10 per cent in sales and 13 per cent in volume.

African bank board to meet on liquidity crisis

By Joel Kibazo

The board of Meridien BIAO, the troubled banking group operating in Africa, is to meet in Paris today to discuss a liquidity crisis that has been gathering momentum since the begining of the year.

The meeting comes just days after the Bank of Tanzania, the country's central bank, said that talks with Standard Bank of South Africa (Stanbic) to acquire Meridien BIAO in Tanzania are at the final stage.

Tanzania authorities took over the running of the local Meridien BIAO at the begining of this month, citing large foreign exchange exposure positions – estimated at $30m. The move followed similar actions last month in Swaziland, Kenya, and Zambia where the group is headquartered.

Mr Idris Rashid, governor of the Tanzanian central bank, said Standard had agreed to retain most of the Meridien staff and the bank was likely to re-open next week.

Earlier this month First National Bank, another South African banking group, acquired the Meridien BIAO operations in Swaziland.

Mr Andrew Sardanis, founder and chairman of Meridien BIAO has admitted that it has been under pressure due to a lack of capital.

Close observers of the group said today's meeting was likely to be crucial. Many of the Meridien BIAO country managers in the 20 African countries in which it has been operating have been asked to attend, as have the group's legal advisers.

Attention has also been drawn to the continuing involvement of the African Development Bank, which has a 10 per cent stake in Meridien BIAO, acquired in 1991 for $10m. The AfDB said it was watching developments and "waiting to assess the results of the Paris meeting".

Telefonica sale hits snag

By Tom Burns in Madrid

The Spanish government's announcement of a major disposal of its 32 per cent stake in Telefónica, the national telecommunications group, later this year has been delayed by cabinet disagreements over the size and timing of the sale.

The disagreement is understood to pit Mr Pedro Solbes, the Economy and Finance minister, who is pressing for the sale, as early as June, of almost half the government's equity in the group, against Mr José Borrell, the Transport and Communications minister, who backs a continued strong state presence in Telefónica.

Under Mr Solbes's plans, the government would sell as much as a 15 per cent stake in Telefónica this year, a further 10 per cent next year and reduce its equity to a mere token presence by 1998 when the telecommunications sector will be fully deregulated in Spain. A 15 per cent stake in Telefónica would realise some Pta225bn ($1.8bn) at current market prices.

The government's Telefónica equity is owned by Patrimonio del Estado, the Economy Ministry's portfolio company, but Mr Borrell's department has considerable control over the group because it regulates telecommunications tariffs.

NEWS DIGEST

Shareholders and creditors approve Cadillac reshape

Cadillac Fairview's creditors and shareholders have approved a restructuring plan that will allow the Toronto-based property developer to emerge from court protection with its assets largely intact, writes Bernard Simon in Toronto.

The final vote, involving holders of syndicated loans totalling C$1.1bn (US$804m), took place on Saturday, capping more than a year of protracted negotiations.

The restructured company, which owns about 70 office buildings and shopping malls across North America, will have assets of about C$3.2bn, liabilities of C$2.2bn and shareholders equity of about C$1bn. Its flagship properties include Toronto's Eaton Centre and the Pacific Centre in downtown Vancouver.

A consortium comprising Blackstone Group, a New York-based investment fund manager, and the Ontario teachers pension fund, will emerge as the biggest shareholder, with a combined 31 per cent stake. These two institutions are to inject C$300m of equity into the company, and will pay another C$182m for an *interest in three Cadillac properties.*

Bank lenders will provide a fresh secured credit facility of C$350m.

Changes in the restructuring plan enabled Cadillac to gain the support of the syndicated debt holders, led by Whitehall Street Real Estate, a fund managed by Goldman Sachs, the US investment bank; and subordinated debenture holders, comprising mostly US "vulture" funds.

The Goldman Sachs fund will also emerge as a sizeable shareholder, with the remaining equity split among other creditors.

Thomson-CSF takes stake in Spanish venture

Thomson-CSF, the French defence group, is taking a stake of just under 25 per cent in the Spanish electronics venture Indra, under an agreement in principle concluded last week, writes David White in Madrid.

The Pta3bn ($24.2m) deal comes after lengthy negotiations between the two companies, both of which are indirectly controlled by their respective governments.

Talks were also held with the Anglo-French Sema group, GEC-Marconi of the UK and Hughes of the US in the search for a foreign partner.

Thomson's planned entry forms part of a two-stage Pta10bn capital increase for Indra. The remaining Pta7bn portion of the operation is guaranteed by the Spanish state holding company Teneo, which holds 60 per cent of Indra.

Teneo, part of the Instituto Nacional de Industria, is looking for other Spanish shareholding partners to reduce its stake in the defence electronics and data-processing company to below 50 per cent. However, Madrid has insisted that majority control of Indra should remain in Spanish hands because of its strategic nature.

The link with Thomson-CSF is seen as a crucial step in securing international markets and widening Indra's product range.

Further decline in Daiei recurring profits

Daiei, Japan's largest retailer, suffered a decline in earnings for the third straight year due to the Kobe earthquake earlier this year, writes Emiko Terazono in Tokyo.

Unconsolidated recurring profits fell by 67.3 per cent to Y7.2bn ($87m), in spite of a rise in sales of 22.6 per cent to Y2,541.5bn. After-tax, Daiei recorded a loss of Y25.7bn due to earthquake damage and losses from liquidating its subsidiaries.

The earthquake severly damaged 11 of its outlets in Kobe, with six stores closed permanently. The company posted Y13.1bn in losses due to earthquake damage while disposing of damaged products cost it Y12.1bn. It reported a Y27bn loss from liquidating subsidiaries.

Consolidated recurring profits fell by 73.3 per cent to Y7.6bn while sales rose 21.5 per cent to Y3,223.8bn. The retailer posted an after-tax loss of Y73.4bn. For the year to next February, it expects non-consolidated recurring profits to rise 3.3 times to Y24bn on a 3 per cent sales rise to Y2,620bn.

Meanwhile, Mitsukoshi, the high-street retailer with links with Harrods, returned to the black for the first time in three years. It posted an unconsolidated current profit of Y3.7bn, against a Y3.4bn loss thanks to restructuring and cost cutting.

After-tax profits totalled Y1.1bn, against a loss of Y3.4bn a year earlier. Sales fell 4.1 per cent due to the Kobe earthquake.

For the current year to February, it expects parent profits to fall by 19 per cent to Y8bn on a 3.9 per cent fall in sales to Y738bn.

S&P lowers rating on Japanese bank

The Long-Term Credit Bank of Japan, one of the country's largest banks, has had its credit rating lowered by Standard & Poor's, the US credit-rating agency, writes Gerard Baker in Tokyo.

S&P said it was downgrading the bank's senior debt and long-term certificate of deposit from A– to BBB+. The move lowers LTCB's credit rating from an equal footing with most *of the country's leading financial institutions,* into the territory of the country's weaker regional banks.

The agency said the move was prompted by the unexpected size of losses resulting from the liquidation of 11 related finance companies, the bank's role in the bail-out of two credit unions and the overall growth in problem loans over the past year. These developments had, said the agency, "greatly increased the risk profile of the bank".

Last month LTCB's president, Mr Tetsuya Horie, announced his resignation to take responsibility for the banks' role in the bail-out of the two credit unions. Earlier this month the bank reported substantial losses from bad loan provisions at one of its affiliated companies.

Earnings soar at Milan airport authority

SEA, which controls Milan's two airports, more than doubled net profits in 1994 to L30.6bn ($17.8m), compared with L14.3bn in 1993, writes Andrew Hill in Milan.

Revenues rose by nearly 4 per cent to L538bn, against L518bn in 1993. SEA is controlled by the Milan city authorities.

After a comparatively flat year in 1993, the number of passengers handled by Linate, the city's principal airport, increased by 7 per cent to 10.1m, from 9.5m for the previous year.

The figures also show a rise in the number of passengers handled by Malpensa, Milan's second airport, which SEA wants to turn into the main hub airport for northern Italy. But aircraft movements fell by 5 per cent at Malpensa, used mainly for intercontinental and charter flights. Overall, the number of passengers handled by Linate and Malpensa rose by 6 per cent to 13.8m.

Recovery for Italian clothing group

Marzotto, one of Italy's largest textile and clothing groups, has begun to recover from the slump in profits over the past three years, as the performance of its Italian subsidiaries improves, writes Andrew Hill in Milan.

Ity announced net profit of L26.2bn ($15.2m) for 1994. That is still well short of the 1991 profit of L40.1bn, but more than double 1993's net profit of L10.2bn, which was hit by reduced demand – particularly in the Italian market for classic men's clothing.

Last year, Marzotto said there had been an overall improvement in the Italian business, which accounted for 37 per cent of net consolidated turnover of L2,111bn. In 1993, turnover was L1,953bn. Operating losses in the Marzotto clothing lines were cut to L11.4bn from L21bn.

Marzotto, which controls Hugo Boss, the German menswear designer, also said it had seen a strong increase in turnover in the first quarter of this year. Consolidated turnover in the the three months to the end of March rose by 22.3 per cent to L723bn.

صورة من الاصل

FINANCIAL TIMES MARKETS THIS WEEK

Global Investor / **Philip Coggan**

Scientific look at foreign exchanges

In the small Zurich suburb of Zollikon, a group of academics gathered late last month to discuss one of the world's great mysteries: why currencies move.

It is surely time for academics to get in on the act. Foreign exchange analysts, who are much better paid than academics (and who get quoted in the financial press more often), have failed repeatedly to predict important market developments, such as the continued weakness of the dollar.

For the average global investor (and some enterprising fund managers did attend the meeting), the topics might have seemed a touch highbrow. The lecture which preceded Thursday lunchtime – "Robust tail index and quantile estimation" – was enough to have anyone reaching for a pre-prandial gin and tonic.

But the serious subject of the conference was the possibility that high-powered mathematical techniques could spot some "inefficiencies" in the foreign exchange markets, which investors could exploit.

At first glance, it might seem odd that the foreign exchange market was the chosen subject for review. If any market seems close to the academic ideal of "efficiency", it must be the foreign exchanges. Volume is so high that no individual player is large enough to influence price, and the information which, in theory, drives exchange rates – economic fundamentals – is freely available to everyone.

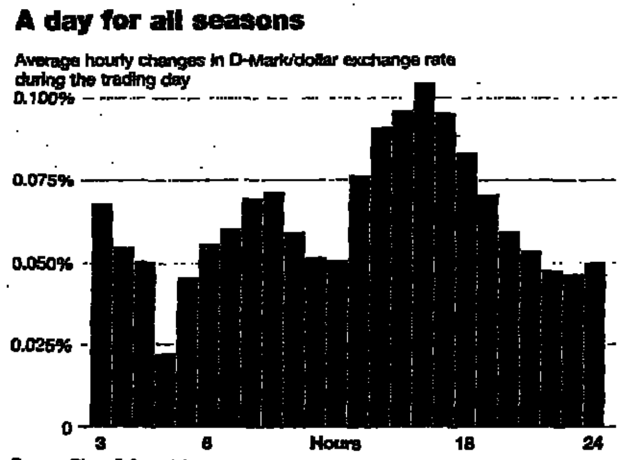
However, because currencies are traded heavily around the world all day long, the foreign exchange markets offer something which the academics treasure – lots of data.

After analysing the many millions of separate trading prices available, academics have concluded that markets tend to display – heterogeneous autoregressive conditional heteroskedasticity – or Harch for short.

This tongue-twisting phrase highlights two particular inefficiencies. The first is that those who deal in the market may have different goals and views. A central bank, for example, is not looking to maximise profit, but to support the currency for some economic or political end; a bank dealer has a time horizon of minutes, while a corporate treasurer may think in terms of months. In short, market participants are heterogeneous.

A day for all seasons

Average hourly changes in D-Mark/dollar exchange rate during the trading day



Source: Olsen & Associates

Another important property of the markets is that there is seasonality within the trading day; volume dips heavily at the Asian lunchtime, for example, while American dealers eat at their desks and keep trading.

Models have to alter time to take account of this; a minute during heavy dealing hours is longer than a minute when volume is low.

Nor do markets follow the classic "bell distribution" of probability that would be suggested if price movements followed the random walk suggested by efficient market theory. A bell curve has most events clustered in the middle, with few extremes; on foreign exchanges, extreme price movements are quite common.

Total return in local currency to 20/4/95

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	0.12	0.03	0.09	0.15	0.20	0.12
Month	0.51	0.20	0.42	0.53	0.84	0.54
Year	5.25	2.69	5.31	5.88	8.13	5.81
Bonds 3-5 year						
Week	0.34	0.85	0.25	-0.48	-0.23	-0.09
Month	1.52	2.71	1.57	1.21	1.38	0.87
Year	6.68	8.06	6.45	4.01	0.77	6.35
Bonds 7-10 year						
Week	0.31	1.13	0.02	-0.46	-0.94	-0.25
Month	1.79	4.54	0.71	0.54	0.68	0.96
Year	7.60	10.11	5.23	1.65	-8.52	6.08
Equities						
Week	-0.6	0.9	-1.4	-0.1	2.8	-0.9
Month	2.2	3.7	-1.4	4.0	6.9	2.2
Year	18.1	-16.8	-10.8	-7.1	-15.5	5.2

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities. The FT-Actuaries World Indices are jointly owned by The Financial Times Ltd, Goldman Sachs & Co. and NatWest Securities.

Furthermore, once volatility occurs, it tends to persist. If the last price movement has been extreme, academics have found that the next price movement is also likely to be extreme.

Efficient market theory suggests that the markets should instantly absorb new information and adjust prices accordingly. They should then resume their equilibrium state and wait for the next new piece of information.

The market actually reacts more like a pond disturbed by a stone: the ripples gradually spread out over the rest of the lake before dying away. These inefficiencies represent the "autoregressive conditional heteroskedasticity" part of the Harch definition.

The key question is: can investors make money out of these inefficiencies? The organiser of the conference, Mr Richard Olsen of Olsen & Associates, claims it is possible. He offers trading models to corporate clients and has a benchmark fund, which can be used to judge the success of his theories.

When the model was back-tested to December 1986, it showed a better risk-return profile than either the Salomon Brothers World Government Bond Index or the Morgan Stanley World Equity Performance Index.

Alas, back-testing can often be a misleading guide to future performance. When the fund actually started in September 1993, it lost 10 per cent in its first month. As late as February 1995 the fund was below water. A sharp surge in recent months, however, means the fund is 11 per cent higher in dollar terms than its starting value.

Mr Olsen argues that market conditions have not been favourable. "Volatility in the foreign exchange markets has been significantly below the historical average, with very low volumes for the past 15 months, making it extremely difficult for the models to earn money," he says.

He believes that the markets are likely to return to the higher volatility levels seen in the past, giving the model profitable trading opportunities.

Whether or not any particular model works, however, may be irrelevant. This is obviously a field in which much further research will be done. Mr Olsen is making his data available to academics worldwide, and publishing his forecasts on the Internet. Better models may thus become available.

Research could also spread to other financial fields. While it is hard to see the techniques being applied to individual share prices, stock market indices could be a fruitful area of analysis.

Most encouraging for the global investor is the fact that academic opinion, which 15 years ago dismissed active management as irrelevant in an efficient market, has recognised that markets do have pricing anomalies. Investors may be underperforming, but at least what they are trying to do is worthwhile.

Economics Notebook

Lessons of growth rates

Pundits in the UK have been cracking "endogenous zone" jokes ever since Gordon Brown, the shadow chancellor, referred to "post neo-classical endogenous growth theory" in a speech last autumn. Time will tell whether Mr Brown is better at translating the theory into policy than he is at turning it into plain english. Suitably translated, however, the new growth economics provides some useful ways to assess government claims that this recovery heralds the UK's long-awaited economic renaissance.

In outline, the latest growth explanations sound very much like the old: countries grow faster through a combination of investment and innovation. The new models, however, have been able to flesh out many of the details which older descriptions omitted. The new insights have direct, although sometimes conflicting, implications for policy-makers.

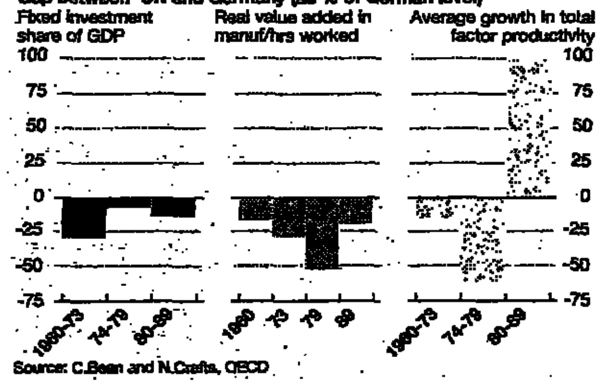
The most important gap in the traditional attempts to account for growth related to innovation. Other things equal, a country that invests more today will grow faster tomorrow. However, since investing in the same machines will tend to yield diminishing returns, permanently raising the growth rate means constantly coming up with new and better ways of deploying the economy's resources.

Growth theorists have generally estimated this type of innovation by a process of elimination. Increases in output that could not be explained by measurable growth in inputs – be it land, capital, or labour – was attributed to technological progress, or higher "total factor productivity" (TFP).

The trouble with the old theory was that it had little to say about the nature of the innovation process itself. This left economists unable to explain a large share of global output variations across time and, crucially, between countries. It was fairly obvious that poor countries had scope for achieving above-average growth rates simply by catching up with the best technological practice in the richer nations. But the theory could not explain why some poor countries appeared to catch up faster than others, or why several highly developed nations seemed able to innovate fast enough to stay several steps ahead.

The UK plays 'catch up'

Gap between UK and Germany (as % of German level)



Source: C.Bean and N.Crafts, OECD

Mr Nicholas Crafts, an economist at Warwick University, summarised the latest attempts to address these failings at a meeting in London last week. He pointed out that there have been two strands in the new thinking, both yielding somewhat different implications for the UK.

The first strand argues that a large part of previously unexplained (or "exogenous") technological change disappears once investment is measured properly. These theories argue that introducing a broader conception of capital – particularly the human variety – allows one to dump (or at least heavily dilute) the assumption of diminishing returns, such that higher capital investment can deliver a permanently higher growth rate. Countries must simply ensure that they invest in providing the workforce with the skills to use the new machines efficiently.

The second strand of new research pays due heed to the need to include human as well as physical capital in measuring investment. Nevertheless, it argues that innovation still accounts for a large share of growth. More important, these models claim that that a country's ability to achieve rapid growth in TFP – even when it comes from simply copying the technology used abroad – will rely crucially on whether policymakers are able to provide innovators with a favourable climate in which to apply their ideas in practice.

Mr Crafts, who favours the second approach, has written a joint paper with Mr Charles Bean, of the London School of Economics, showing the relevance of both models to understanding the post-war economic performance.

As everyone knows, growth in UK per capita output and productivity has consistently lagged behind that of other European countries since the war. The two authors confirm that an important part of the blame for the UK's inferior growth rate lies with low rates of capital investment. Since 1945, fixed investment has accounted for 17-19 per cent of GDP, on average, compared to a European average of 20-24 per cent. of According to one estimate, this factor can explain about one third of the UK's growth shortfall relative to Germany over the years 1960-73.

In keeping with the newer "broad capital" approach, the two economists find that lower rates of human capital investment also share some of the blame; the same source attributes one tenth of the difference in growth rates between the two countries to lower school enrolment rates. Nearly half of the gap, however, lies in the UK's much lower rate of growth in TFP.

The models which focus on innovation would argue that the supply-side reforms of the 1980s have allowed the UK to make good the earlier shortfall in TFP growth, leaving the country on a higher long-term growth path (see graph). "Broad capitalists", by contrast would say there is little to suggest that the tumultuous changes of the 1980s have done anything to help matters, since capital investment and skill levels remain woefully low. Either way, the next few years look set to be a lesson in endogeneity.

● *C Bean & N Crafts, British Economic Growth Since 1945: Relative Economic Decline...and Renaissance?, CEPR, 1995*

Stephanie Flanders

COMMODITIES

Tea set holds a get-together

The year's biggest tea party is scheduled to be held in Colombo, Sri Lanka, on Thursday and Friday.

Representatives of nearly all the world's big tea exporters will be trying to prepare the ground for the formation of the proposed International Tea-producing Association of Countries.

Ambitions for the new body are more modest, however, than for similarly named groupings of coffee, tin, and cocoa producers.

There is no intention to try to manage the world tea market. Producers are simply hoping to improve co-operation between them so as to be able to manage better within the world tea market.

"The aim is to form a common forum to discuss problems faced by tea producers," according to Mr Clifford Ratwatte, chairman of the tea board of the host country, which is also the biggest exporter.

Board officials said this week's meeting would focus initially on quality, research into disease and ways to promote health aspects of tea.

Delegates are expected to come from India, China, Bangladesh, Iran, Malawi, Argentina, Mauritius and Uganda.

● Other events this week include a two-day conference begining tomorrow at the London Marriott Hotel on Financing Mining Projects in the Emerging Markets.

Speakers at the conference, organised by Mayer, Brown and Platt, will include: Mr Dewen Cui, of China's Ministry of Metallurgical Industry, Mr Tom Main, of the South African Chamber of Mines, and Dr Tulken Shayakubov, of Uzbekistan's State Committee for Geology and Mineral Resources.

On Thursday, the Marriott in Sydney will host an automated mining technology conference. And on the same day the chain's Vienna hotel is the venue for Metal Bulletin magazine's iron ore symposium.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

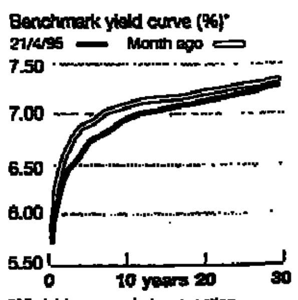
NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 21 1995 US Dollar Index	% chg since 30/12/94	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 30/12/94	Gross Div. Yield	THURSDAY APRIL 20 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (83)	169.74	-1.1	158.65	88.96	121.48	153.96	4.8	3.93	172.28	158.41	90.02	122.74	156.15	180.82	157.85	164.03
Austria (27)	188.24	3.0	173.73	98.66	134.72	134.63	-8.5	1.28	188.18	173.03	98.33	134.07	133.98	198.89	167.46	177.58
Belgium (35)	192.83	14.5	177.96	101.06	138.00	134.96	2.1	3.90	191.89	176.45	100.27	136.71	133.34	192.90	161.56	165.91
Brazil (26)	121.63	-25.5	112.28	63.75	87.06	204.97	-19.4	1.56	121.37	111.60	63.42	86.47	204.97	-	-	-
Canada (103)	134.96	4.3	124.56	70.74	96.59	133.67	1.7	2.62	134.44	123.62	70.25	95.78	133.43	140.25	120.54	126.57
Denmark (33)	268.96	5.8	245.83	139.60	190.63	197.18	-5.4	1.81	268.87	245.38	139.45	190.13	196.00	275.27	236.61	250.73
Finland (24)	187.47	0.8	173.02	98.26	134.17	168.51	-8.9	1.42	184.54	169.69	96.43	131.48	165.41	201.41	133.68	145.26
France (101)	184.11	12.6	169.91	96.49	131.76	141.02	3.0	3.07	181.36	166.76	94.77	129.21	138.13	185.25	157.79	167.99
Germany (59)	150.47	6.2	138.87	78.86	107.88	107.88	-5.7	2.16	149.59	137.55	78.17	106.58	106.58	154.61	132.08	139.43
Hong Kong (55)	344.22	5.5	317.68	180.41	246.35	341.73	5.5	3.98	344.18	316.46	179.84	245.20	341.60	416.42	277.40	366.57
Ireland (16)	221.74	7.5	204.64	116.22	158.70	191.40	1.7	3.63	222.22	204.33	116.12	158.32	190.97	224.32	180.67	188.56
Italy (58)	70.75	-5.6	65.30	37.08	50.64	90.97	0.2	1.68	70.30	64.64	36.73	50.08	90.88	97.78	65.45	89.63
Japan (463)	163.02	3.9	150.45	85.44	116.67	85.44	-13.7	0.89	160.99	148.03	84.12	114.70	84.12	170.10	136.95	155.13
Malaysia (97)	491.33	2.5	453.46	257.52	351.64	456.64	-1.0	1.72	481.54	442.78	251.62	343.08	458.45	594.78	398.16	482.07
Mexico (18)	980.09	-30.8	904.53	513.68	701.42	6445.54	-15.5	1.88	924.88	850.42	483.28	658.93	6183.55	2414.12	847.81	1696.28
Netherland (19)	241.37	10.9	222.77	126.51	172.75	169.93	-1.4	3.71	241.21	221.79	126.04	171.88	168.71	242.31	194.56	200.77
New Zealand (14)	82.74	17.4	76.36	43.37	59.22	65.37	11.9	4.48	83.10	76.41	43.42	59.21	65.72	83.10	63.45	64.56
Norway (33)	220.85	3.6	203.83	115.75	158.06	186.29	-4.8	2.27	218.68	201.08	114.37	155.94	189.50	220.85	177.53	191.87
Singapore (44)	369.64	-0.9	341.15	193.74	264.55	237.71	-5.2	1.81	363.14	333.91	189.75	258.72	233.78	401.36	313.94	334.17
South Africa (59)	348.81	3.8	321.92	182.82	249.63	275.31	-8.2	2.46	350.01	321.83	182.89	249.36	275.58	353.13	240.09	240.09
Spain (38)	135.38	2.6	124.93	70.95	96.88	128.80	-3.6	4.48	134.79	123.94	70.43	96.03	126.08	150.21	124.10	136.14
Sweden (46)	241.68	3.8	223.03	126.66	172.95	265.21	3.3	2.17	241.23	221.82	126.05	171.87	263.96	249.14	196.70	209.82
Switzerland (47)	184.78	11.9	170.52	96.84	132.28	130.36	-2.7	1.93	184.64	169.77	96.48	131.55	129.59	186.09	148.91	158.94
Thailand (46)	137.98	-12.8	127.35	72.32	98.75	131.47	-14.7	3.23	135.34	124.44	70.72	96.42	128.95	-	-	-
United Kingdom (203)	208.22	6.9	192.17	109.13	149.02	192.17	4.1	4.27	207.42	190.72	108.39	147.78	190.72	209.92	181.11	191.00
USA (510)	207.92	10.7	191.89	108.98	148.61	207.92	10.7	2.74	206.70	190.06	106.01	147.26	206.70	208.11	179.72	182.98
Americas (659)	190.51	9.4	175.83	99.85	136.35	159.76	9.5	2.72	189.32	174.06	98.93	134.88	158.79	-	-	-
Europe (741)	181.25	7.3	167.27	94.99	129.71	151.79	9.4	3.24	180.30	165.78	94.21	128.45	149.79	182.33	160.69	168.81
Nordic (138)	234.16	4.3	216.11	122.73	167.58	209.79	-0.4	1.99	233.21	214.44	121.88	166.15	208.05	237.38	197.70	202.75
Pacific Basin (822)	170.19	3.6	157.07	89.20	121.80	95.67	-11.4	1.25	168.34	154.79	87.96	119.94	94.39	176.86	145.93	163.12
Euro-Pacific (1563)	174.70	5.2	161.23	91.56	125.03	116.93	-6.4	2.11	173.22	159.28	90.51	123.41	115.57	175.14	154.73	164.51
North America (613)	203.40	10.6	187.72	106.61	145.57	202.90	10.3	2.74	202.22	185.94	105.67	144.07	201.74	203.68	176.47	179.48
Europe Ex. UK (538)	162.71	7.5	150.16	85.29	116.45	128.25	-1.7	2.66	161.73	148.71	84.51	115.22	126.93	163.48	144.12	150.03
Pacific Ex. Japan (359)	243.16	2.1	224.41	127.44	174.03	213.06	2.2	3.26	242.66	223.13	126.80	172.89	212.71	273.13	211.19	242.03
World Ex. US (1771)	174.93	4.5	161.44	91.68	125.19	120.24	-6.4	2.12	173.47	159.51	90.66	123.58	118.89	176.65	155.42	164.96
World Ex. UK (2078)	182.37	8.7	168.31	95.58	130.52	141.49	-1.0	2.14	180.94	166.36	94.55	128.91	140.15	182.37	163.48	167.91
World Ex. Japan (1798)	198.15	7.9	182.69	103.86	141.82	183.79	6.2	2.95	197.10	181.23	102.99	140.42	182.55	198.16	176.74	179.86
The World Index (2281)	184.66	6.7	170.42	96.78	132.15	145.94	-0.5	2.34	183.28	168.53	95.77	130.58	144.56	184.66	165.92	169.96

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local); Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local). Constituent change with effect 25/4/95: Deletion: Maple Leaf Foods (Canada). Market closed 21/4/95: Brazil.

WORLD BOND MARKETS: This Week

NEW YORK — Richard Tomkins

US



*All yields are market convention
Source: Merrill Lynch

The weakness of the dollar continues to put the Federal Reserve under pressure to raise interest rates. The Fed, however, has made clear on many occasions that it will not alter monetary policy solely to defend the currency, and in the absence of any other obvious justification for a tightening of the monetary screw, analysts regard it as highly unlikely that any increase in US rates will emerge from tomorrow's G7 meeting.

The reason for the Fed's reluctance to raise interest rates is the accumulating evidence of a slowdown in the US economy. Nearly all the recent data have indicated that earlier rate increases have been sufficient to ease inflationary pressures.

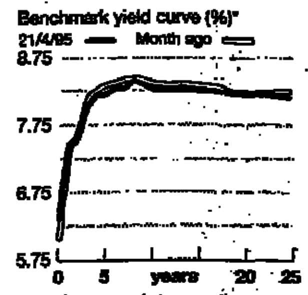
The message is likely to be reinforced on Friday with the release of first-quarter GDP figures: these are expected to show a growth rate of 2.9 per cent, far below the 5.1 per cent for the fourth quarter of last year.

This should be good news for the bond market; yet analysts remain cautious. Some think the economic growth could start to pick up again later in the year, leading to an increase in interest rates in the third quarter.

Also, amid continuing uncertainty over the weakness of the dollar, bond traders seem inclined to stay on the sidelines pending the emergence of fresh news to give the market direction.

LONDON — Philip Coggan

UK



*All yields are market convention
Source: Merrill Lynch

Gilts are facing a difficult week, ahead of local elections on May 4 and the meeting of the chancellor of the exchequer and the governor of the Bank of England on May 5, which some expect to result in a base rate rise.

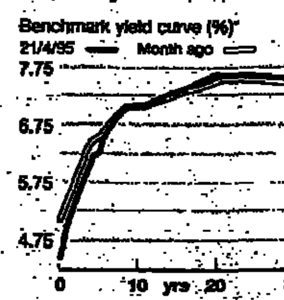
Sterling managed a modest rally last week but the minutes of their March meeting show that the chancellor and the governor are concerned about its weakness. Yamaichi International (Europe) says: "With sterling caught in the cross-fire between the dollar and the D-Mark, the performance of gilts has tended to follow the course of the currency."

The main economic figures for the week will be the gross domestic product numbers on Tuesday. The market is expecting evidence of a slowdown to around 0.5 per cent, after 0.8 per cent in the fourth quarter of 1994. In spite of this, New Japan Securities thinks there is enough evidence of inflationary pressures for the governor to ask for a rate rise.

On Wednesday the Bank of England will auction £2bn of the five-year benchmark gilt, which has an 8 per cent coupon. Credit Lyonnais Capital Markets says the stock is free of tax to overseas holders and "targets a preferred region of the yield curve; two features which enhance the appeal of the stock and help ensure a successful auction".

FRANKFURT — Andrew Fisher

Germany



*All yields are market convention
Source: Merrill Lynch

While German exporters complain about the strength of the D-Mark, the Bundesbank contemplates the beneficial effects for inflation. With import price rises being dampened, the rate of consumer price increases should stay modest.

Although west German wholesale prices showed a 3.9 per cent year-on-year rise in March, and one of 0.6 per cent over the previous month, the alarm bells are not being rung. "We should interpret this as an exceptional case," says Mr Joerg Henzler, an economist at Industrial Bank of Japan. "We expect lower rates in the month to come because of the exchange rate impact."

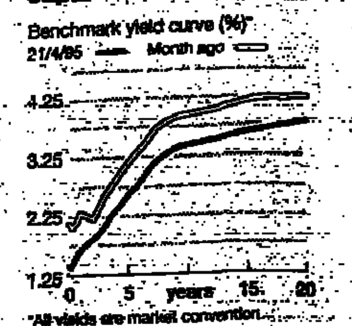
But strong wholesale prices will prevent the west German consumer price index for April, due Friday, from easing further; he expects an unchanged rise of 2.3 per cent.

Pan-German import prices, however, should slow further to a 1.6 per cent year-on-year rise in March. Producer prices in March were up by 1.8 per cent on the year before, the first time they have not been higher than the previous month since last July.

Thus, adds Mr Henzler, "we think the inflation picture is brightening". After reaching around 2 per cent, the Bundesbank's medium-term target, in mid-summer, he expects consumer prices to edge higher. For the moment, though, markets can rest easy — on this point, at least.

TOKYO — Emiko Terazono

Japan



*All yields are market convention
Source: Merrill Lynch

Fears of a sharp rebound in interest rates remain scarce, even though the previous week saw the yield on the benchmark 10-year bond rise by 10 basis points due to the stock market rally.

In spite of profit-taking by short-term traders, most analysts expect to see underlying support from institutional investors, including the life and non-life insurers, which are maintaining a risk-adverse investment stance.

Investors are likely to be attracted by a yield curve which still offers a 200 basis point difference between the short and long-term markets.

The yen's continuing strength and low inflationary pressure is also expected to provide fundamental support for bond prices.

Economic data released this week will reflect such conditions. The consumer sentiment index for the first quarter is expected to incorporate the impact of the earthquake and low annual wage settlements. Barclays de Zoete Wedd in Tokyo expects the index to decline to 43.1, a fall of 6.5 per cent from the previous quarter.

Labour market indicators are also likely to reveal deteriorating conditions, due to the yen's appreciation and corporate restructuring. Meanwhile, inflation data for April, released at the end of the week, are also expected to remain low.

Government bonds

Yen still the driving force in JGB sector

The yen's inexorable rise against the dollar has pushed yields on Japanese government bonds (JGBs) to their lowest level for more than a year and there appears to be little on the horizon which can break this trend.

The yen's appreciation of more than 20 per cent since the beginning of the year has pushed yields on 10-year JGBs down from about 4.6 per cent in January to 3.18 per cent last week, the lowest level since the beginning of 1994. "The yen has become the primary driving force of the bond market," says Mr Thomas O'Shea, economist at Yamaichi in London.

Last week the market paused as Japanese banks and regional financial institutions, which have been the main buyers in the recent rally, took their profits.

International investors followed suit, keen to realise their currency gains. Their action caused 10-year yields to widen to just under 3.4 per cent.

Analysts said the slight fall in the JGB market last week was also the result of hopes in the currency markets that the forthcoming meeting of the Group of Seven (G7) leading industrialised nations would announce an international pact to support the dollar.

This caused the dollar to claw back some of its most recent losses against the yen. Earlier in the week, it had fallen below Y80 but it recovered to around Y83 on Friday.

However, few expect the G7 meeting to produce any material which will reverse the dollar's decline against the yen. "Beyond the rhetoric, they can come up with little to provide support for the dollar," says Ms Ros Lifton, senior economist at Daiwa in London.

She adds that short-term measures, such as raising interest rates in the US, could not remove the downward pressure on the dollar. Only progress to reduce structural imbalances between the US and Japan, either on the trade or current account fronts, could help the dollar recover and this is unlikely to happen quickly.

Analysts believe that the yen will resume its upward path once the G7 meeting is over and this in turn will propel the JGB market higher. In the near term, a yield of 3 per cent is considered to be the resistance level on the 10-year JGB benchmark. However, the yield could drop further if returns on alternative investments such as equities and cash disappoint.

"The volatility in the stock market and the strength in the yen could briefly push the yield down to 2.75 per cent in the near term," says Mr Cameron Umetsu, bond strategist at UBS Securities in Tokyo. Mr Yuichi Matsushita, strategist at Nikko Securities, expects the benchmark yield to range between 2.8 and 3.5 per cent over the next three months.

Yield levels on JGBs have become too low for Japanese life and non-life insurance companies which need to pay out returns of more than 4 per cent to subscribers.

Mr Masataka Sera, analyst at Sanwa Bank, believes insurance companies are willing to buy around 3.7 to 3.8 per cent.

However, the detrimental impact of an ever-stronger yen on the returns on equities or cash could well drive insurance companies back into the bond market. "By default, JGBs will be the only major asset class they can invest in," says Mr O'Shea.

Japanese companies are already suffering as a result of the strong yen, and further proof of their difficulties is expected when the earnings announcement season starts in late May. Companies are likely to be forced to revise downwards their earnings projections because of the yen's rise and this will weigh on the stock market.

The market will also be held back by further signs of a slowdown in the economy but the favourable impact of a slowing economy on inflation and interest rates will provide further fuel for a rally in the bond market.

Although the Bank of Japan has cut the official discount rate from an already record low of 1.75 per cent to 1 per cent, Ms Lifton believes that overnight money rates could fall to close to zero. This would cause a further steepening in the yield curve, which already offers a differential of 200 basis points between short and long-term interest rates.

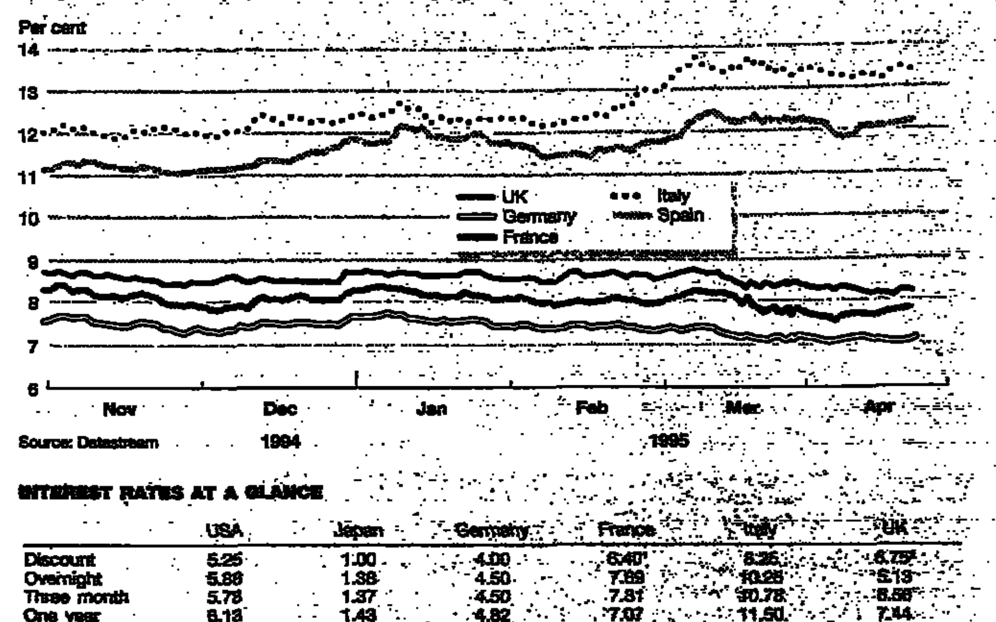
The short end of the JGB market is likely to perform better than the long end in the next few weeks because of the sharp fall in interest rate expectations. However, some analysts are looking for the trend to be reversed.

"Investors will buy longer maturities when they feel that interest rates won't be lowered further," says Mr O'Shea. This week's Y1,000bn auction of 10-year JGBs by the Bank of Japan will test the underlying demand in the market for longer-dated maturities.

While there are some fears that the bond market may repeat its performance of last year, when it plunged following a rally in the first few months, Mr Matsushita believes that this would be unlikely to occur unless there was a drastic change in the market's outlook on the economy and interest rates.

Antonia Sharpe and Emiko Terazono

10-year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.25	1.00	4.00	6.40[1]	8.25	6.75[2]
Overnight	5.88	1.38	4.50	7.69	10.25	6.13
Three month	5.78	1.37	4.50	7.81	10.78	6.56
One year	6.13	1.43	4.82	7.07	11.50	7.44
Five year	6.76	2.61	6.29	7.47	13.22	8.21
Ten year	7.01	3.41	7.07	7.82	13.47	8.33

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	105-03	105-09	+0-07	105-10	105-00	361,214	384,175
Sep	104-22	104-26	+0-07	104-26	104-18	2,228	20,365
Dec	104-08	104-12	+0-06	104-12	104-05	195	1,957

Interest rate swaps

Narrowing spreads hit fixed-rate issues

Volatile currencies and a bear market for bonds have left investors bruised and on the defensive. Now even new issues, the lifeblood of the eurobond market, have become almost an endangered species because of the difficulty borrowers encounter in swapping their fixed-rate payment liabilities on bonds into the floating-rate liabilities which many prefer.

The prime mover in turning the new issue into a rare animal was Mr Alan Greenspan, chairman of the US Federal Reserve Board. His comments in late February that the US economy was slowing were interpreted as suggesting that the dollar interest rate cycle had peaked.

The result in the eurobond market was a collapse of dollar swap spreads, the measure of how cheap the funding a borrower will end up with will be when fixed-rate liabilities are swapped into floating-rate.

The day after Mr Greenspan's comments, dollar swap spreads narrowed from around 33 basis points over US Treasury bonds to around 21 basis points in the two-year area. Such a sudden tightening is extremely rare, and provided graphic evidence that few borrowers want to fix their liabilities when interest rates may be on a downward trend.

Dollar swap spreads have recently been around 24 basis points in the two-year sector, so a borrower issuing a bond at 8 points over the two-year Treasury could swap into floating-rate liabilities at around 16 basis points below the London interbank offered rate (Libor). The same issuer swapping the day before Mr Greenspan's comments could have achieved funding at 25 points below Libor.

How the system works

Bank A, with a high credit rating, can raise fixed-rate funds cheaper than it can floating-rate funds because buyers of bonds are more sensitive to credit ratings than investors in floating-rate debt. It might issue a bond with a coupon fixed at, say, 10 per cent.

Company B has a lower credit rating and might have to fix a higher coupon of 11.50 per cent on a bond.

Bank A raises $100m at a fixed rate of 10 per cent and Company B raises the same amount at 75 basis points over Libor. Bank A pays the 10 per cent coupon on the bond, and agrees to pay to an intermediary floating-rate interest at Libor flat. In return, it gets 10.3 per cent fixed-rate interest. Thus it has paid: 10 per cent, plus Libor, and gets back 10.3 per cent. It has a liability to pay Libor minus 0.3 per cent. This is 55 basis points less than if it borrowed at, say, 25 basis points over Libor.

Company B pays 75 basis points over Libor on its floating-rate loan, and agrees to pay 10.4 per cent to the intermediary and receive Libor (which the intermediary gets from Bank A). Thus it has net liabilities fixed at: 10.4 per cent and 0.75 per cent, a total of 11.15 per cent, 35 basis points less than if it raised the money directly. The users save a total of 90 basis points and the intermediary, generally an international bank, would make 10 basis points in this example.

The difference of 9 basis points amounts to an annual payment of $9m per $1bn raised. Ironically, while Mr Greenspan may have been suggesting interest rates might fall, his comments led directly to an increase in the cost of funding for many bond issuers.

This has left borrowers which usually issue fixed-rate bonds and swap into floating-rate liabilities with a choice. Either they end up with floating-rate liabilities at a higher rate than they would wish, or they can wait.

Some have decided to wait, judging by figures from Euromoney Bondware. Dollar bonds issued in the first three months of this year totalled $36.8bn, down from $51.7bn in the same period of 1994.

The fall reflected a decline in convertible bond issuance from $5bn to $860m, in equity warrants from $4.7bn to $544m, and in floating-rate notes from $25.9bn to $11.5bn.

The issuance of fixed-rate dollar bonds rose from $16bn to $23.8bn, but around $8bn of this flooded the market in the first two weeks of the year and supply has dried to a trickle in recent weeks. The story is the same in most currencies.

Bond syndicate managers point to the narrowing of swap spreads as the reason for the slowdown in issuance, and spend their time hunting out arbitrage opportunities. One swaps trader said: "New issue swaps were possible before Greenspan. Now they are almost impossible."

Some swaps are still possible. A $200m four-year deal for SüdwestLB, the German landesbank, was priced in March at 5¼ basis points over the Treasury curve by PaineWebber, which said: "This is universally regarded as being aggressive. Tight pricing is the only way to do a deal today, to get the swap to work."

If borrowers are under pressure to raise money they will have to lower their targets.

Mr Frederic Gabizon, senior vice-president of capital markets at CCF in Paris said: "Some borrowers cannot achieve their traditional funding targets because of the tightening of swap spreads. Swap levels are so far away from acceptable funding that people prefer to do nothing."

Another syndicate manager at a European house shared this view. He said: "Borrowers seem quite relaxed. We are not seeing moves by borrowers to panic and force issues into the market at prices they wouldn't generally want to pay. But I think it will happen. If the next few months see arbitrage staying as dire as it is, we may see a push to a more realistic moving of funding targets. No borrower wants to move his target by 10 basis points but that is what it would have to be to get funding."

Yet borrowers cannot wait for ever. Another syndicate official at a US house said: "They have to fund. They may have taken a view to wait for times to get better but at some point, perhaps in the third quarter, we may see a rush."

Of course, if borrowers have fallen behind on funding via new issues, eurobond houses will have fallen behind on earnings and if there is a rush later in the year, competition for business will be intense. One syndicate official said: "Competition may mean cutting rates to do the business." For the eurobond market, the year has started badly and may get worse.

Martin Brice

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
ACCMT 95(b1)‡	496.75	Jun.2002	(b1,a)	99.94255		-	Salomon Brothers
Lennar US Partners(c)	279.272	-	-	-		-	Morgan Stanley
GECC(e)	100	Apr.1997	7.00	101.70	6.033	-	Swiss Bank Corp.
YEN							
Kingdom of Sweden(a)★	100bn	Apr.2005	4.45	100.00	-	-	Nikko/ Norinchukin
D-MARKS							
Council of Europe	500	May.2000	6.375	99.90R	6.389	+16(7%-00)	ABN Amro/ Trinkaus
Banque Nationale de Paris	250	May.2000	6.50	101.75	6.084	-	Dresdner Bank
CANADIAN DOLLARS							
Ford Credit Canada(e)	100	Dec.2000	8.625	100.225R	8.582	+45(8½%-00)	ScotiaMcLeod
GUILDERS							
European Investment Bank	300	May.2005	7.25	99.78R	7.280	+8(7¼%-05)	ABN Amro Hoare Govt.
Energie Beheer Nederland	250	May.2001	6.75	99.60R	6.833	+14(8½%-01)	Rabobank/ SBC
ECUS							
Bank of Tokyo Trust Co.★	45	Apr.1998	6.50	100.07	6.426	-	Yamaichi Intl.(Europe)
LUXEMBOURG FRANCS							
Colgate-Palmolive Co.	2bn	Jun.2001	7.50	102.375	7.002	-	Crédit Européen
Belgelectric Finance(f)	2bn	Jul.1998	7.00	102.05	6.25	-	BCEE
Rabobank Nederland	2bn	Jan.2005	7.70	102.10	7.396	-	BGL
Aalk-Cger fico	3bn	Jun.2001	zero	88.625	7.002	-	Banque UCL
ESCUDOS							
BOATS-I (Luxembourg)(d)‡	10bn	Dec.1999	(d1)	100.00	-	-	Bco.Tot./ Bco.Fiança
AUSTRIAN SCHILLINGS							
Eurofima	2bn	May.2005	7.25	100.15	7.228	-	Creditanstalt

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. #With equity warrants. ★Unlisted. ‡Semi-annual coupon and yield. R: fixed re-offer price. a) Coupon paid in D-marks at fixed exchange rate. Redeemed in yen. b) Advanta Credit Card Master Trust II, Series 1995-C. Legal maturity: Jan.05. b1) Tranche A. 3-mth Libor +20bp. b2) Tranche B: $34½m, Jul.02, 3-mth Libor +34bp, par. c) Structured Notes Series 1995-1. 7-tranche deal. d) Bond Obligation Asset Trust Securities. Secured on domestic public debt of AAA-rated EU member states. d1) 6-mth Libor +20bp. e) Fungible with $250m. Plus 25 days accrued. f) Long 1st coupon. g) Short 1st coupon. Note: Yields are calculated on ISMA basis.

هكذا من الاصل

EMERGING MARKETS: This Week

The Emerging Investor / **Farhan Bokhari in Karachi**

Pakistan strives to restore its shine

Passing through the main entrance to the Karachi Stock Exchange building, many investors are still reminded of last month's offering by leading stockbrokers to stem the tide of falling share prices.

Ten black goats were paraded around the trading floor and then led off to be slaughtered in the car park across the road. The meat was offered to the poor as God's blessings were sought in turning round a six-month-long bear run that has struck at the heart of investors' confidence.

But many analysts are still convinced that further falls in the market lie ahead during the next quarter.

Many anxious investors are expected to wait until Pakistan's annual budget, due in the next two months, to discover how the government intends to improve its revenue collection and turn round the country's chronic problem of public sector deficits.

The KSE-100 Index, which was once seen as the most important symbol of business confidence, has recently lost its charm. The index has shed almost 600 points – or some 26 per cent – since last October, and is down 20 per cent in dollar terms since the start of the year. On Friday the index rose 1.3 per cent.

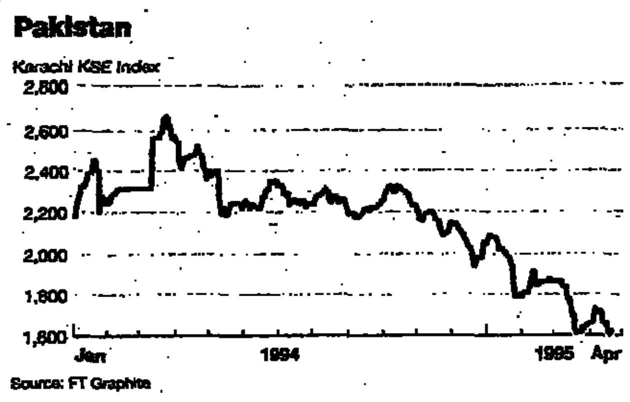
The fall had been triggered mainly by a widespread worry about the durability of emerging markets in general following the collapse of the Mexican peso at the end of last year, as well as by fears over the security situation in Karachi and disappointments regarding this year's economic performance.

Karachi's worst security crisis in recent memory has caused new fears to surface among the city's business community, who are worried about what this could mean to the future of the local investment climate. So far, there has been no indication of a settlement between the two rival factions of the MQM (Mohajir Qaumi Movement), Karachi's largest political party. The MQM's split has been the source of much of the bloody violence that has claimed more than 1,300 lives since the beginning of 1994 as rival gang members targeted each other.

On the economic front, most of the important indicators for this year, such as the annual growth rate, inflation and the government's plan to reduce the deficit, are expected to fall behind target. This is largely due to the failure of the cotton crop for the third year in succession.

The economy is expected to grow 5.2 per cent this year, down from a target of 6.5 per cent, while inflation has edged up to 14 per cent from a target in single digits. The deficit is almost certain to end at around 5.5 per cent of GDP, ahead of a forecast of 4 per cent.

Some of the pessimism over share prices has been triggered by the failure of the cotton crop, which in turn has led to worries about textile shares.



Source: FT Graphite

Almost a third of the KSE's 723 listed companies represent the textile sector.

Although unable to influence worldwide sentiment, the government has gone out of its way to put fears at rest over the domestic troubles in Karachi. Ms Benazir Bhutto, the prime minister, claims that the situation in Karachi does not necessarily discourage new investments, since the economy in certain parts of the city continues to grow, even though there is violence in other parts.

The government takes a similar line on the effects of recent economic troubles. Mr V.A. Jaffarey, the prime minister's top finance adviser who led the Pakistani delegation to the annual Paris club meeting last week, says that "there has been a reduction in the rate of growth, mainly due to the fact that the cotton crop did not come up to expectations".

However, he denies that this represents a failure "since it is not due to any policy default, but to circumstances beyond our control".

Other officials argue that the falling trends are only temporary because the country's policies continue to remain "investor friendly". Economic reforms, now in their fifth year, have given full freedom to foreign investors to enter and leave the market at any point, and remit or receive any amount of foreign exchange without restrictions.

Foreign exchange reforms have given birth to a large currency market where rupees can be converted to most foreign currencies at a rate between 3 and 6 per cent above the official rate.

To continue with such incentives, the government is planning to extend a "tax holiday" on capital gains for a further three to five years, senior officials add.

But apprehensions over the market's short-term future have convinced many investors to refrain from buying for the time being.

A leading foreign fund manager says: "There are few reasons for people to get excited right now. Even though the falls represent good values, there is no evidence that there will not be further losses".

Mr Farrukh Khan, chief executive of BMA capital management, one of Karachi's biggest brokerage houses, says: "I think there is still a downside risk in the market. I think it will take a good few months – certainly after the budget – before the market might start some kind of recovery. We are in for some period of a bear market."

However, a minority of brokers claim that, in the wider south east Asian context, the market still comes ahead of Bombay and Colombo on the basis of having better price/earnings ratios. Karachi has a prospective p/e of 9, as against 23 last year, while Bombay has come down to 22 from 36, and Colombo to 16 from 22.

Mr Yasin Lakhani, a former president of the Karachi Stock Exchange, says: "It is an excellent market to buy on a long-term basis. Things cannot be as bad as people think."

But, for the time being at least, there are many other analysts who are finding it hard to accept that view.

Polish market set fair

By Christopher Bobinski in Warsaw

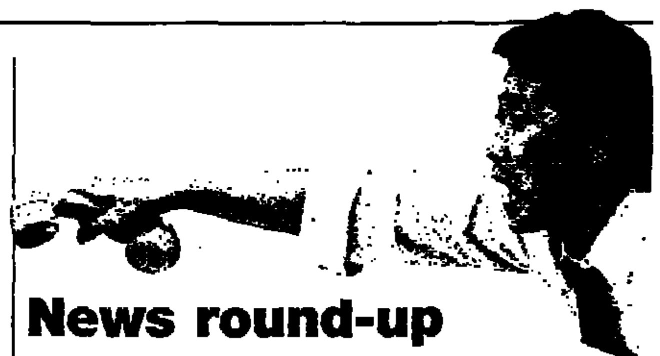
Optimism has returned to Warsaw after a 42 per cent increase in the Wig Index since the end of March. Expectations remain that the rise will continue despite a 1.7 per cent fall on Friday.

This follows almost a year when stocks consistently declined, pushing retail investors off the market and narrowing turnover to about 30m zlotys ($13m) a day. But the last few weeks have seen the value of daily trading rise, to peak at 196m zlotys last week.

Mr John Presland, a fund manager at ING's Hanseatic Investment Services in Warsaw, says the rise happened after stocks had become very cheap. On March 28, for example, the average p/e ratio for the 38 quoted stocks reached 6.4, while big banks like Bank Slaski were trading on a multiple of 3.1. The average is now still a relatively modest 9.1.

Mr Presland confirms that the situation has attracted increased activity from foreign investors, who may well have put the rising trend into motion.

Domestic investors also appear to be returning as the government and the central bank debate giving the local forex market greater leeway to determine exchange rates.



News round-up

■ Strategy

The Pacific Rim markets could be heading for a "liquidity crunch", according to Mr Albert Edwards, Kleinwort Benson's global strategist.

He argues that virtually all the economies of the region could be said to be overheating. "This is apparent in labour shortages, rising PPI inflation or burgeoning current account deficits."

While the Mexican crisis should have provided the key for countries to raise interest rates and thus slow down growth, without attracting "excessive hot money". Mr Edwards says, "the slump in the US dollar has injected another inflationary twist into the region, just when it is least needed".

He believes interest rates will rise throughout the region, and that exchange rates will be allowed to float up against the dollar.

"The authorities have no choice – either they slow growth themselves or the markets will do it for them with a Mexico-style currency debacle.

"The bottom line is clear: earnings get hurt, liquidity gets squeezed."

■ Indonesia

The Jakarta Stock Exchange said on Friday that the introduction of an automated trading system was to be postponed to May 22 from its scheduled launch today.

Independent auditor Ernst & Young had found that some "crucial factors" in the system had to be sorted out. These included perfecting the software and its framework.

"The inaccuracy of display boards on the trading floor and the electricity generator system has not been functioning properly," the exchange said.

■ Russia

Lukoil is to convert shares in its subsidiaries into a single unified stock on the basis of one share in the main Kogalymneftegaz crude oil production unit for eight unified shares.

It has also approved plans to attract investment funds through the issue of convertible bonds backed by shares and ADRs.

● *Edited by John Pitt. Further coverage of emerging markets appears daily on the World Stock Markets page.*

Baring Securities emerging markets indices

Index	21/4/95	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (353)	138.28	+3.90	+2.90	+11.96	+9.47	-19.76	-12.50
Latin America							
Argentina (23)	81.64	+6.22	+8.24	+13.31	+19.48	-4.47	-5.19
Brazil (23)	158.05	+16.55	+11.70	+21.15	+15.45	-51.32	-24.51
Chile (13)	203.82	-0.18	-0.09	+18.39	+9.92	-7.75	-3.66
Mexico (25)	64.40	+2.97	+4.83	+13.88	+27.48	-33.22	-34.03
Peru(16)	883.94	+34.09	+4.01	+193.60	+28.04	+35.27	+4.16
Latin America (100)	109.08	+7.09	+6.96	+17.19	+18.70	-29.69	-21.40
Europe							
Greece (18)	90.73	+2.92	+3.32	+4.89	+5.69	+3.74	+4.30
Portugal (23)	127.21	+1.00	+0.79	+4.48	+3.65	+10.93	+9.40
Turkey (22)	139.89	+16.89	+13.73	+52.34	+59.78	+63.78	+83.80
Europe (96)	115.39	+2.60	+2.31	+12.65	+12.31	+17.70	+18.11
Asia							
Indonesia (28)	117.29	-1.77	-1.48	-4.66	-3.82	-16.40	-12.27
Korea (24)	138.48	+3.12	+2.30	-2.24	-1.59	-1.40	-1.00
Malaysia (22)	221.22	+3.13	+1.44	+9.77	+4.62	+10.36	+4.92
Pakistan (15)	82.81	-2.32	-2.73	+2.08	+2.57	-23.39	-22.03
Philippines (12)	248.65	+2.13	+0.86	+20.84	+9.15	-33.48	-11.87
Thailand (24)	230.06	-3.40	-1.46	+2.91	+1.28	-21.58	-8.58
Taiwan (32)	156.03	-11.60	-6.92	-13.84	-8.15	-28.12	-15.27
Asia (157)	199.85	-1.51	-0.75	+1.41	+0.71	-10.77	-5.11

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

CURRENCIES

Dollar's prospects focus on G7 meeting

Tomorrow's G7 meeting of finance ministers and central bank governors will provide the focus for the week as foreign exchange traders look for action to stem the dollar's fall.

However, comments from politicians and bankers last week lowered expectations that the meeting would yield any substantial support for the dollar.

Mr Robert Rubin, the US treasury secretary, said yesterday that currencies would not be the main focus of G7 discussion. He also said the US was not in favour of target exchange rates. Japan suggested last week that the system of floating exchange rates should be reviewed.

If, as seems likely, the meeting fails to produce any substantive dollar support, renewed selling of the US currency is to be expected.

Other factors affecting the dollar will be the resumption of auto trade talks between the US and Japan, planned for this Wednesday in Tokyo.

GDP figures on Friday will also provide an indication of the state of the US economy. If, as expected, the figures show a continuing slowdown in the rate of growth, the chances of an interest rate rise will be dampened, putting further pressure on the dollar.

Elsewhere, the French franc will be dependent on yesterday's first-round presidential elections. If Mr Edouard Balladur, the French prime minister, makes it to the second round, the French franc could rally.

However, if the pollsters are right and Mr Jacques Chirac, the front-runner, ultimately wins the election, the franc will be vulnerable, because Mr Chirac has hinted at fiscal policies that could be negative for the currency.

The Italian lira will also take some of its lead from the regional elections yesterday, which were the first test of the country's political parties since the collapse of Mr Silvio Berlusconi's government. These elections, which served as a pseudo-referendum on whether national elections should be held soon, are likely to affect the performance of the lira for weeks to come.

Sterling will also be in the spotlight. Its recent weakness has been mainly due to the fall in the dollar but monetary policy is also entering the frame. Rising inflation and currency weakness argue for higher rates. But there are signs of faltering growth in the real economy.

GDP figures and the CBI survey, out tomorrow, will provide guidance on the state of the UK economy. If Mr Kenneth Clarke, the chancellor, is seen wavering in his resolve to fight inflation, sterling is likely to suffer.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, April 21, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	5562.66	3463.00	2515.64	4178.60
Albania	(Lek)	161.417	100.490	72.9987	121.196
Algeria	(Dinar)	71.4543	44.4900	32.3188	53.6574
Andorra	(French Fr)	7.8433	4.8830	3.5471	5.8892
	(Sp Peseta)	198.613	123.650	89.8228	149.129
Angola	(New Kwanza)	1008132.7	627612.0	455914.6	756934.2
Antigua	(E Carr $)	4.3370	2.7000	1.9614	3.2564
Argentina	(Peso)	1.6056	0.9996	0.7261	1.2056
Armenia	(Dram)	656.125o	408.470	296.724	492.637
Aruba	(Florin)	2.8753	1.7900	1.3003	2.1588
Australia	(Aus $)	2.1909	1.3639	0.9908	1.6449
Austria	(Schilling)	15.5575	9.6858	7.0359	11.6814
Azerbaijan	(Manat)	7059.69o	4395.00	3192.65	5300.81
Azores	(Port Escudo)	234.336	145.890	105.979	175.951
Bahamas	(Bahama $)	1.6063	1	0.7264	1.2061
Bahrain	(Dinar)	0.6056	0.3770	0.2739	0.4547
Balearic Is	(Sp Peseta)	198.613	123.650	89.8228	149.129
Bangladesh	(Taka)	63.9298	39.8000	28.9118	48.0010
Barbados	(Barb $)	3.2308	2.0113	1.4611	2.4257
Belarus	(Rouble)	18472.4o	11500.0	8353.92	13869.6
Belgium	(Belg Fr)	45.5870	28.3810	20.6167	34.2290
Belize	(B $)	3.2126	2.0000	1.4529	2.4121
Benin	(CFA Fr)	784.330	488.300	354.715	588.916
Bermuda	(Bermudian $)	1.6063	1	0.7264	1.2061
Bhutan	(Ngultrum)	50.4684	31.4200	22.8243	37.8942
Bolivia	(Boliviano)	7.6618	4.7700	3.4651	5.7529
Botswana	(Pula)	4.3911	2.7337	1.9859	3.2970
Brazil	(Real)	1.4706	0.9155	0.6650	1.1041
Brunei	(Brunei $)	2.2416	1.3955	1.0137	1.6830
Bulgaria	(Lev)	104.985	65.3580	47.4779	78.8253
Burkina Faso	(CFA Fr)	784.330	488.300	354.715	588.916
Burma	(Kyat)	8.6310	5.3732	3.9032	6.4804
Burundi	(Burundi Fr)	371.055	231.000	167.805	278.599
Cambodia	(Riel)	3694.49	2300.00	1670.78	2773.98
Cameroon	(CFA Fr)	784.330	488.300	354.715	588.916
Canada	(Canadian $)	2.1970	1.3678	0.9935	1.6496
Canary Is	(Sp Peseta)	198.613	123.650	89.8228	149.129
Cp. Verde	(CV Escudo)	133.275	82.9700	60.2717	100.066
Cayman Is	(CI $)	1.3304	0.8282	0.6016	0.9989
Cent. Afr. Rep	(CFA Fr)	784.330	488.300	354.715	588.916
Chad	(CFA Fr)	784.330	488.300	354.715	588.916
Chile	(Chilean Peso)	629.570	391.950	284.723	472.713
China	(Yuan)	13.5294	8.4230	6.1187	10.1586
Colombia	(Col Peso)	1408.44	876.850	636.968	1057.53
Comoros	(Fr)	589.171	366.789	266.445	442.366
Congo	(Brazz) (CFA Fr)	784.330	488.300	354.715	588.916
Costa Rica	(Colon)	278.034	173.090	125.737	208.756
Côte d'Ivoire	(CFA Fr)	784.330	488.300	354.715	588.916
Croatia	(Kuna)	7.9816	4.9689	3.6095	5.9928
Cuba	(Cuban Peso)	1.6063	1	0.7264	1.2061
Cyprus	(Cyprus £)	0.7100	0.4420	0.3211	0.5331
Czech Rep.	(Koruna)	41.6835	25.9500	18.8508	31.2971
Denmark	(Danish Krone)	8.7428	5.4430	3.9539	6.5646
Djibouti Rep	(Djib Fr)	285.472	177.720	129.101	214.340
Dominica	(E Carib $)	4.3370	2.7000	1.9614	3.2564
Dominican Rep	(D Peso)	22.0706	13.7400	9.9811	16.5712
Ecuador	(Sucre)	3881.62o	2416.50	1755.41	2914.43
	(Sucre)	3925.80a	2444.00	1775.39	2947.60
Egypt	(Egyptian £)	5.4556	3.3964	2.4672	4.0962
El Salvador	(Colon)	14.1033	8.7800	6.3780	10.5892
Equat'l Guinea	(CFA Fr)	784.330	488.300	354.715	588.916
Estonia	(Kroon)	17.8312	11.1008	8.0639	13.3882
Ethiopia	(Ethiopian Birr)	9.3168	5.8000	4.2133	6.9951
Falkland Is	(Falk £)	1	0.6226	0.4522	0.7508
Faroe Is	(Danish Krone)	8.7428	5.4430	3.9539	6.5646
Fiji Is	(Fiji $)	2.2042	1.3722	0.9968	1.6550
Finland	(Markka)	6.8796	4.2830	3.1113	5.1655
France	(Fr)	7.8433	4.8830	3.5471	5.8892
Fr. Cty/Africa	(CFA Fr)	784.330	488.300	354.715	588.916
Fr. Guiana	(Local Fr)	7.8433	4.8830	3.5471	5.8892
Fr. Pacific Is	(CFP Fr)	142.829	88.9181	64.5926	107.240
Gabon	(CFA Fr)	784.330	488.300	354.715	588.916
Gambia	(Dalasi)	15.3402	9.5500	6.9374	11.5178
Germany	(D-Mark)	2.2111	1.3766	1	1.6603
Ghana	(Cedi)	1799.08	1120.00	813.666	1350.78
Gibraltar	(Gib £)	1	0.6226	0.4522	0.7508
Greece	(Drachma)	351.149	224.840	163.330	271.169
Greenland	(Danish Krone)	8.7428	5.4430	3.9539	6.5646
Grenada	(E Carr $)	4.3370	2.7000	1.9614	3.2564
Guadeloupe	(Local Fr)	7.8433	4.8830	3.5471	5.8892
Guam	(US $)	1.6063	1	0.7264	1.2061
Guatemala	(Quetzal)	9.2573	5.7631	4.1866	6.9506
Guinea	(Fr)	1629.66	1014.54	736.990	1223.59
Guinea-Bissau	(Peso)	24667.2	15369.0	11164.5	18535.9
Guyana	(Guyanese $)	229.701	143.000	103.879	172.468
Haiti	(Goude)	30.5187	19.0000	13.8021	22.9150
Honduras	(Lempira)	14.3764	8.9500	6.5015	10.7942
Hong Kong	(HK $)	12.4207	7.7327	5.6172	9.3261
Hungary	(Forint)	190.080	118.325	85.9545	142.706
Iceland	(Icelandic Krona)	100.410	62.5100	45.4090	75.3905
India	(Indian Rupee)	50.4684	31.4200	22.8243	37.8942
Indonesia	(Rupiah)	3580.33	2229.00	1619.21	2688.30
Iran	(Rial)	2807.01	1747.50	1269.43	2107.59
Iraq	(Iraqi Dinar)	0.9638	0.6000	0.4358	0.7236
Irish Rep	(Punt)	0.9841	0.6126	0.4450	0.7389
Israel	(Shekel)	4.7626	2.9651	2.1539	3.5761
Italy	(Lira)	2765.16	1721.50	1250.54	2076.22
Jamaica	(Jamaican $)	52.2047	32.5000	23.6089	39.1968
Japan	(Yen)	133.182	82.9150	60.2317	100
Jordan	(Jordanian Dinar)	1.1035	0.6970	0.4981	0.8288
Kenya	(Kenya Shilling)	70.4392	43.8500	31.8538	52.8855
Kiribati	(Australian $)	2.1909	1.3639	0.9908	1.6449
Korea North	(Won)	3.4536	2.1500	1.5618	2.5930
Korea South	(Won)	1227.68	784.300	555.209	921.787
Kuwait	(Kuwaiti Dinar)	0.4677	0.2912	0.2115	0.3512
Laos	(New Kip)	1170.89	729.000	529.588	879.214
Latvia	(Lats)	0.8165	0.5083	0.3693	0.6130
Lebanon	(Lebanese £)	2619.79	1631.00	1184.80	1967.07
Lesotho	(Maloti)	5.8003	3.6111	2.6232	4.3552
Liberia	(Liberian $)	1.6063	1	0.7264	1.2061
Libya	(Libyan Dinar)	0.5711	0.3555	0.2583	0.4288
Liechtenstein	(Swiss Fr)	1.8279	1.1380	0.8267	1.3725
Lithuania	(Litas)	6.4252	4.0000	2.9057	4.8242
Luxembourg	(Lux Fr)	45.5870	28.3810	20.6167	34.2290
Macao	(Pataca)	12.8363	7.9875	5.8025	9.6334
Madagascar	(MG Fr)	6298.88	3930.00	2847.80	4727.73
Madeira	(Port Escudo)	234.336	145.890	105.979	175.951
Malawi	(Kwacha)	24.6129	15.3227	11.1308	18.4800
Malaysia	(Ringgit)	3.9610	2.4660	1.7914	2.9741
Maldive Is	(Rufiya)	18.9062	11.7700	8.5501	14.1953
Mali Rep	(CFA Fr)	784.330	488.300	354.715	588.916
Malta	(Maltese Lira)	0.5578	0.3473	0.2523	0.4188
Martinique	(Local Fr)	7.8433	[illegible]	[illegible]	[illegible]
Mauritania	(Ouguiya)	202.480	[illegible]	[illegible]	[illegible]
Mauritius	(Maur Rupee)	27.6203	[illegible]	[illegible]	[illegible]
Mexico	(Mexican Peso)	9.6816	[illegible]	[illegible]	[illegible]
Miquelon	(Local Fr)	7.8433	[illegible]	[illegible]	[illegible]
Moldova	(Leu)	7.3584	[illegible]	[illegible]	[illegible]
Monaco	(French Fr)	7.8433	[illegible]	[illegible]	[illegible]
Mongolia	(Tugrik)	667.530	[illegible]	[illegible]	[illegible]
Montserrat	(E Carr $)	4.3370	[illegible]	[illegible]	[illegible]
Morocco	(Dirham)	13.4625	[illegible]	[illegible]	[illegible]
Mozambique	(Metical)	11765.4	[illegible]	[illegible]	[illegible]
Namibia	(S A Rand)	5.8003	[illegible]	[illegible]	[illegible]
Nauru Is	(Australian $)	2.1909	[illegible]	[illegible]	[illegible]
Nepal	(Nepalese Rupee)	78.3512	[illegible]	[illegible]	[illegible]
Netherlands	(Guilder)	2.4777	[illegible]	[illegible]	[illegible]
N'nd Antilles	(A/Guilder)	2.8753	[illegible]	[illegible]	[illegible]
New Zealand	(NZ $)	2.3901	[illegible]	[illegible]	[illegible]
Nicaragua	(Gold Cordoba)	11.8203	[illegible]	[illegible]	[illegible]
Niger Rep	(CFA Fr)	784.330	[illegible]	[illegible]	[illegible]
Nigeria	(Naira)	35.1555o	[illegible]	[illegible]	[illegible]
	(Naira)	132.114m	[illegible]	[illegible]	[illegible]
Norway	(Nor. Krone)	8.8821	[illegible]	[illegible]	[illegible]
Oman	(Rial Omani)	0.6185	[illegible]	[illegible]	[illegible]
Pakistan	(Pak. Rupee)	49.5192	30.8291	22.3951	37.1816
Panama	(Balboa)	1.6063	1	0.7264	1.2061
Papua New Guinea	(Kina)	1.9966	1.2430	0.9029	1.4991
Paraguay	(Guarani)	3160.39	1967.50	1429.25	2372.91
Peru	(New Sol)	3.6173	2.2520	1.6359	2.7160
Philippines	(Peso)	41.8429	26.0500	18.9234	31.4177
Pitcairn Is	(£ Sterling)	1	0.6226	0.4522	0.7508
	(NZ $)	2.3901	1.4879	1.0808	1.7945
Poland	(Zloty)	3.7867	2.3575	1.7126	2.8433
Portugal	(Escudo)	234.336	145.890	105.979	175.951
Puerto Rico	(US $)	1.6063	1	0.7264	1.2061
Qatar	(Riyal)	5.8477	3.6405	2.6445	4.3906
Reunion Is. de la	(F/Fr)	7.8433	4.8830	3.5471	5.8892
Romania	(Leu)	3006.99	1872.00	1359.87	2257.73
Russia	(Rouble)	0.9970o	0.6207	0.4509	0.7486
	(Rouble)	8136.71m	5065.50	3679.72	6109.27
Rwanda	(Fr)	388.082	241.600	175.505	291.383
St Christopher	(E Carr $)	4.3370	2.7000	1.9614	3.2564
St Helena	(£)	1	0.6226	0.4522	0.7508
St Lucia	(E Carr $)	4.3370	2.7000	1.9614	3.2564
St Pierre	(French Fr)	7.8433	4.8830	3.5471	5.8892
St Vincent	(E Carr $)	4.3370	2.7000	1.9614	3.2564
San Marino	(Italian Lira)	2765.16	1721.50	1250.54	2076.22
Sao Tome	(Dobra)	2586.22	1610.05	1169.58	1941.81
Saudi Arabia	(Riyal)	6.0242	3.7505	2.7245	4.5233
Senegal	(CFA Fr)	784.330	488.300	354.715	588.916
Seychelles	(Rupee)	7.3368	4.5675	3.3180	5.5087
Sierra Leone	(Leone)	955.746	595.000	432.224	717.602
Singapore	($)	2.2416	1.3955	1.0137	1.6830
Slovakia	(Koruna)	46.5588	28.9850	21.0555	34.9575
Slovenia	(Tolar)	177.368	110.420	80.2121	133.173
Solomon Is	($)	5.3259	3.3156	2.4086	3.9988
Somali Rep	(Shilling)	4208.50	2620.00	1903.24	3159.86
South Africa	(Rand)	5.8003	3.6111	2.6232	4.3552
Spain	(Peseta)	198.613	123.650	89.8228	149.129
Spanish Ports in N Africa	(Sp Peseta)	198.613	123.650	89.8228	149.129
Sri Lanka	(Rupee)	78.8830	48.1100	35.5748	58.2293
Sudan Rep	(Dinar)	66.9164	41.6600	30.2630	50.2442
Surinam	(Guilder)	673.039	419.000	304.373	505.337
Swaziland	(Lilangeni)	5.8003	3.6111	2.6232	4.3552
Sweden	(Krona)	11.9078	7.4134	5.3853	8.9410
Switzerland	(Fr)	1.8279	1.1380	0.8267	1.3725
Syria	(£)	67.4648	42.0000	30.5100	50.6543
Taiwan	($)	40.8012	25.4015	18.4523	30.6356
Tanzania	(Shilling)	887.079	552.250	401.170	666.044
Thailand	(Baht)	39.4334	24.5500	17.8338	29.6086
Togo Rep	(CFA Fr)	784.330	488.300	354.715	588.916
Tonga Is	(Pa'anga)	2.1909	1.3639	0.9908	1.6449
Trinidad/Tobago	($)	9.1479	5.6950	4.1370	6.8685
Tunisia	(Dinar)	1.4899	0.9275	0.6738	1.1186
Turkey	(Lira)	68859.9	42870.0	31141.9	51703.6

Special Drawing Rights April 20, 1995 Utd Kingdom £0.980610 Utd States $1.58241 Germany DM2.17170 Japan Y129.125 European Currency Unit Rates April 21, 1995 [illegible]

Abbreviations: (a) Free rate; (m) Market rate; (o) Official rate; (f) Parallel rate (t) Tourist rate (u) Currency fixed against the US Dollar (v) Floating rate [illegible]
REUTERS CLOSING SPOT RATES & Bank of America, Economics Department [illegible]
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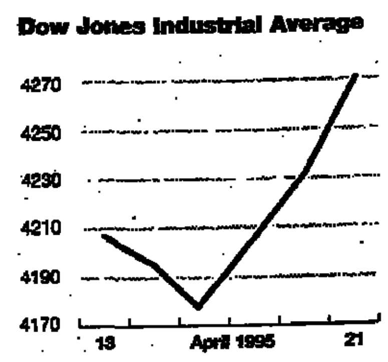
Friday, April 21, 1995

EQUITY MARKETS: This Week

NEW YORK — Tony Jackson

Wall Street vulnerable to surprises



The US equity market enters this week *in a slightly precarious frame of mind.* Gains at the tail end of last week, in blue chip stocks especially, were so sharp that – as a Salomon trader put it – the market is in "nose-bleed territory".

This was against a background of a quiet bond market and a steadier dollar. In turn, that was partly a matter of waiting for this week's high-level meetings by the G7 finance ministers, the IMF and the World Bank.

Depending on the statements coming out of those august bodies, the week in the bond and currency markets could prove rather less subdued.

Meanwhile, equities proper can look to a round of first-quarter earnings figures from the big oil, chemical and steel companies, plus consumer giants RJR Nabisco and Procter & Gamble. Last week's results, led by heavyweights such as IBM and Kodak, proved largely positive. The market looks correspondingly vulnerable to surprises.

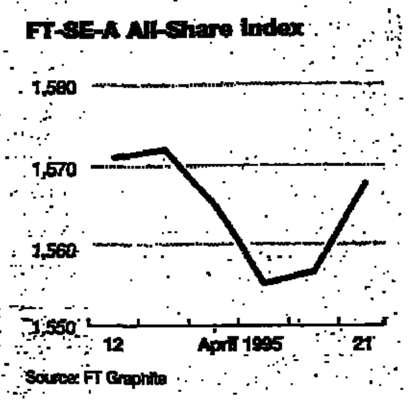
For the broad economy, the big number is the preliminary GDP figure for the first quarter, due on Friday.

The median forecast is for growth of just under 3 per cent, with a similar figure expected for the GDP deflator as an index of inflation.

Given that the market is now enthralled by a rosy scenario of gently declining growth and subdued prices, there is risk on the downside here as well.

LONDON — Terry Byland

Sterling adds to worries on base rates



Nervousness over sterling has now joined the list of pressures causing the stock market to worry about the timing of the next upward move in base rates. Indeed, faced with confusion in currencies, a lacklustre response to the yen package from Tokyo, and a G7 meeting this week, it is no wonder that the London equity market can make little sense of it all.

Not all strategists took fright at the comments on the implications of any further weakening in sterling revealed in the minutes for the March meeting between the chancellor and the governor of the Bank of England. Talk of defensive rate rises had already been described as "crazy" by Paribas Capital Markets in its Spring Review.

Other market analysts also doubt whether there will be any rush to raise base rates while consumer spending remains so persistently defensive to price pressures, and especially by a government facing another drubbing in the local elections.

However, for the near term the market is seen as vulnerable down to around 3,000, if only on profit-taking. But this does not shake predictions that the Footsie will move higher by the year-end, benefiting from favourable valuations of equities against gilts and further upgrades in estimates of dividend and earnings forecasts for British companies. There are not many analysts around prepared to recommend selling the London market at present.

International offerings

Cable groups may have reached saturation point

Last week's troubled IPO for General Cable, the French-owned cable-communications group, signals the saturation of the cable sector and casts a shadow over the planned offering by another large UK cable operator, Nynex CableComms.

The transaction was depressed by several factors: copious supply of new issues in the cable sector, US investors' unwillingness to pay within the indicated price range, the difficulty of valuing a company which is not expected to generate positive cashflows for years and a fall in the price of other cable companies in the days preceding the sale.

"The good news is that they got it done, but the bad news is that, even after setting the offer price well below the indicated price range, they're still trading at a discount," said one primary share dealer. The shares are listed on the London Stock Exchange and on the Nasdaq exchange in New York.

After being marketed at an indicated price range of 220p to 255p per share, the shares were eventually priced at 190p on Thursday and closed at 184p on Friday. Lazard Bothers and Lazard Frères were joint global co-ordinators of the issue.

At the revised offer price, General Cable raised around £171m gross (£156m net of expenses), rather than the £198m to £230m it had aimed for. The new price values the group at around £480m, compared with the £557m to £646m of its proposed price range.

The US market, which has seen four cable offerings in the past year, "is suffering indigestion – there are now six UK cable stocks for US investors to choose from, and many aren't well-informed enough to know the fundamental differences between them," said Mr John Karidis, telecoms analyst at Kleinwort Benson.

Many investors are also discouraged by the fact that cable companies will not be cash-positive for several years. The fact that these stocks will not be paying dividends for years also means that investment institutions such as pension funds and unit trusts, which depend on current yield income, show no interest in them.

With nearly half the General Cable deal targeted at US accounts, the lack of US demand within the indicated price range was seen as the main reason for the offer price reduction.

"It was the need to fill the order book that determined the price – ultimately, US investors dictated the deal," said a trader.

While he reported good UK demand for the shares at the initial price range, "it doesn't matter how well one half of the issue is holding up if the other half isn't going well", he said. The US and UK tranche each accounted for 45 per cent of the 90m share issue, with the remaining 10 per cent aimed at the rest of the world.

Another factor weighing on the transaction was the way the shares were offered, says Mr Karidis. "General Cable was not priced on a stand-alone, net-present-value basis, but on a relative basis, that is, the discount to other cable stocks, such as Telewest," he explains.

Since General Cable was being offered at a discount to Telewest, many holders of the latter decided to sell it for the cheaper new shares, causing Telewest shares to fall sharply. As a result, the price of General Cable moved lower to keep the discount intact. "When the ceiling is moving down, the only thing you can do is lower the offer price."

Telewest shares closed at 153¾p on Friday, down from 172p on April 10 – an 11 per cent drop in two weeks.

This does not augur well for the estimated $600m flotation of Nynex CableComms, expected within the next month. Although the company's management has made reassuring noises to the effect that the General Cable flop was unlikely to affect its planned issue, many dealers said it would be foolhardy to bring such a large deal to this fragile market. Indeed, rumours were circulating on Friday that it might be postponed indefinitely – which, if true, should boost all cable stocks, especially those quoted in the UK.

Elsewhere, investors are stretching out their feelers for the first Indian GDR offering in months: the long-awaited issue of global depositary receipts by Indian Hotels, which held international road-shows last week.

The offering is likely to total $75m, with a 15 per cent green-shoe (over-allotment) option, and is expected to be priced at a discount to the underlying stock of around 10 per cent. Listing will be in London, tradable on the Seaq International system. Pricing is expected late this week, with Morgan Stanley as lead manager.

Apart from an issue by Ashok Leyland in March (a significant part of which was placed with companies related to the issuer), there have been no new GDRs from India all year and the Indian Hotels offering is being keenly watched as a gauge of investor interest in the Indian stock market. The market has stabilised in the weeks following state elections and the presentation of the 1995 budget. This, and the lack of fresh GDR supply, has caused a recovery in the GDR sector.

The Indian Hotels roadshow is said to have seen good investor interest, with many attracted by the company's healthy domestic operations and growth prospects, although there has been some scepticism about its international exposure.

Elsewhere, Flughafen Wien, Austria's international airport, said on Friday that it expects the government to reduce its 36.5 per cent stake in the company to 17.38 per cent by the end of June through a secondary offering. Bank Austria and S. G. Warburg are acting as global co-ordinators.

A portion of the stake may be sold to a strategic buyer, with the British Airport Authority and Amsterdam's Schiphol Airport tipped as possible candidates. The City of Vienna and the region of Lower Austria are also planning to reduce their stake to 17.38 per cent apiece, from 18.25 per cent at present.

Conner Middelmann

OTHER MARKETS

FRANKFURT

German equity analysts are promised a busy week. Among other names, the market will host annual general meeting news from two of the big three chemical stocks, Hoechst and Bayer, on Tuesday and Wednesday respectively. Continental, the tyremaker which has seen its share price alternately rewarded for product price rise prospects and punished for its cyclical nature and apparent dollar sensitivity, is scheduled for both press and DVFA conferences on Thursday, along with half-year results from Siemens which reports annually to September 30.

Mr Michael Geiger, German strategist at CS First Boston in London, says that the indications from Hoechst and Bayer should be quite good. "Chemical companies have been talking down the effect of the falling dollar," he says, "and the improvement in profit margins should be coming through strongly."

Siemens, meanwhile, will have to justify four months of relative strength in its share price. Mr Kevin Brau, electronics and electrical equipment analyst at CSFB, says that Siemens was virtually a proxy for the German equity market until January 1993, but from then until mid-December last year it underperformed steadily, by about 28 per cent from peak to trough.

Since its 1993-94 results in mid-December, the shares have outperformed by 12 to 13 per cent: "I expect that they will recover all the way", says Mr Brau, although there is a general feeling that the group, conservative by nature, will hold its best numbers for the year-end.

PARIS

French financial markets are expected to be dominated by political events, particularly *the result of yesterday's first* round of the presidential elections.

At the weekend, Mr Jacques Chirac was the favourite. For equities, the idea of Mr Chirac's reflationary policies and his more questionable commitment to the "franc fort" policy, which has harmed exporters, have helped the recent rally on the stock market.

However, some brokers were saying last Friday that Mr Chirac would uphold the policy with the same vigour as his predecessors.

MILAN

Italian professionals, similarly, will be looking at the results of yesterday's regional elections for clues to the likely course of political developments in coming months. However, HSBC Markets notes that a lack of political stability and government credibility lies at the heart of the recent weakness in Milan and there seems little prospect of the problem being turned round in the immediate future.

Robert Fleming Securities, however, says that the market remains attractively valued both on a historical comparison and relative to other leading European markets.

It notes that political uncertainty continues to weigh heavily on sentiment, which has been reflected in a weaker lira, rising bond yields and a stock-market that underperformed Europe, apart from the UK, by about 15.6 per cent in dollar terms during the first quarter of the year.

Fleming continues to recommend overweight positions in both industrials, which provide a hedge against further currency debacles, and insurers, which would be the main beneficiaries of an improving bond market.

ZURICH

The big Swiss chemicals/pharmaceuticals combines are expected to lead a busy corporate news list.

Ciba's annual general meeting is on Wednesday; and, while no dates have been specified yet, key figures are expected from the Sandoz first quarter and net profits for 1994 should be delivered by Roche.

AMSTERDAM

Philips, the electronics and electricals international, kicks off the Dutch quarterly results on Wednesday with Akzo, the chemicals group, following a day later.

UBS Global Research is wary about the general outlook for Amsterdam: "The lesson of September 1992," it says, "is that the currency crisis caused a lot of uncertainty for Dutch companies and forecasts became more downbeat and investment plans were postponed."

The broker says that a lot of caution will be heard, given "the almost unstoppable strength" of the D-Mark and the Dutch guilder. However, it expects Philips to report a 29 per cent rise in net profits so far.

STOCKHOLM

As the Scandinavian first-quarter results season gets under way, the Swedish contribution this week includes progress reports from SSAB, the steel group, on Monday, SE Banken on Tuesday, Autoliv, the seat belts company on Wednesday, and SKF, the ball bearings maker, on Thursday.

TOKYO

Last week's rise in the Nikkei index above the 16,680 near-term resistance level boosted investor confidence, while the slight easing of the yen against the dollar also provided some support. *Although the shift in* sentiment may help shares rise further this week, some traders see 17,000 as another resistance level.

Meanwhile, individuals have returned tentatively to the equity market, picking up stocks with high dividend yields as returns on cash deposits have fallen sharply due to the cut in the official discount rate. Investors are expected to continue to pick companies which are unlikely to cut their dividends in the coming year.

Compiled by William Cochrane

هكذا من الاصل

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MAY 2-3
Meeting the Needs of the Retail Customer
Creating Excellence at the Customer Interface. This conference includes a series *of presentations which draw on practical* experience to provide delegates with ideas and opportunities to make their own businesses more customer focused. Discounts available to companies wishing to send teams.
Contact: Sarah Williams, IBC UK Conferences, 57-61 Mortimer Street, London W1N 8JX Tel: 0171 637 4383 Fax: 0171 631 3214.
LONDON

MAY 3 & 4
Supervisory Skills
The essential management skills - transition to leadership, team dynamics, listening and communication, delegation and motivation, discipline and confrontation, prioritising workloads, handling charge.
2 Days. £395 + V.A.T. Contact: Fairplace
Tel: +44 (0) 171 329 0595
Fax: +44 (0) 171 329 3853
LONDON

MAY 7 & 8
International Reinsurance Conference
Presented by DYP this conference has established a key place in the reinsurer's calendar. Hear what leading figures have to say on a host of subjects. For further details contact: DYP conferences.
Tel: (0171) 250 1500 Fax: (0171) 253 9907
LONDON

MAY 9-10
Negotiating Skills
2 Days
"Everything is negotiable" - how to succeed by establishing clear aims and objectives, identifying decision makers, recognising strengths and weaknesses, handling conflict and creating "win-win" situations. £395 + V.A.T.
Contact: Fairplace
Tel: +44 (0) 171 329 0595
Fax: +44 (0) 171 329 3853
LONDON

MAY 12
Strategic Alliances - Penetrating New Markets
Alliances have become a key strategic option for growth and risk-sharing in emerging markets. But the stakes are high. Attend this conference and improve your chances of success. Case studies on *alliances in South* Africa, India, Russia and China.
Contact: Acquisitions Monthly Conferences
Tel: 0171 823 8740 Fax: 0171 581 4331
LONDON

MAY 15-19
Company Credit Analysis
All staff who have some accountancy knowledge, *involved in debt financing* in the mid-corporate sector. Upon completion delegates will be able to identify and mitigate risks involved in reaching a balanced decision to debt financing propositions & structure the facility appropriately.
Contact FUTURES Quality Financial Training, part of AT&T
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

MAY 16
Bob Camp on Benchmarking
One of the World's leading experts in improving business performance. This seminar provides the opportunity to discover how your business operations and profitability can be improved. Registration fee: £170.00 (+vat).
Contact: Kathryn Morgan, Longhirst Training and Management Centre.
Tel: 01670 791 348 Fax: 01670 791 385
NORTHUMBERLAND

MAY 16 - 17
Creating the Learning Organisation:
The essential route to continuous improvement, flexibility and corporate renewal. Conference provides a practical guide to developing the programmes, skills and working practices required to embed organisational learning in the business. *Keynote presentation David Garvin, Professor of Business Administration, Harvard Business School.*
Contact: Business Intelligence
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

MAY 16 & 17
Risk in Organisational Settings
Three parallel streams of papers (27 altogether) presenting latest research on how risk is handled - or mishandled - in private, public and voluntary sector organisations. 1 day £185 Both days £295
Contact ESRC Risk Programme
Tel: 01904 433795 Fax: 01904 433759
LONDON

MAY 16 - 18
Internet World International 95
Internet World International 95 will attract the broad cross-section of decision makers and buyers eager to implement the benefits the Internet can provide. Co-Sponsored by Internet WORLD Magazine and including an Internet demonstration area - 'The Net Works' - where you can speak to experts and discover what Internet access can do for you.
Contact. The Conference Department, Learned Information Ltd.
Tel: 01865 730275 Fax. 01865 736354
E-mail:conference@learned.co.uk
LONDON

MAY 17 & 18
Lloyd's Symposium - Today & Tomorrow
Presented by DYP the conference looks at the operations at Lloyd's and the moves to a more structured and forward thinking mode of operation.
To reserve your place contact
DYP Conferences on:
Tel: 0171 250 1500 Fax: 0171 253 9907
LONDON

MAY 18
Europe - The Challenge for US Multinationals
This seminar will examine the strategic, organisational, locational, legal and tax aspects of a pan european organisation and present 3 testimonials of US companies *involved in different aspects and stages of* implementing such a structure.
Price: £80.00 plus VAT
Contact: Michelle Beard, Ernst & Young
Tel: (0171) 931 2297 Fax: (0171) 342 5862
LONDON

MAY 18
Professional Services Firms - No Room for Complacency
One day international conference on the future management of professional firms with participatory workshops. Keynote speaker Baroness Hogg; Speakers - Tom Sommerlatte, Chairman Arthur D Little Europe; Colin Sharman OBE, Senior Partner, KPMG; Quentin Bell; Keith *Burgess; David Maister from the USA.*
Telephone 0171 731 3356
LONDON

MAY 18
Rapid Strategy Deployment
A seminar providing up to date guidance on how successful companies mange both the business and people issues simultaneously to achieve maximum performance through rapid strategy deployment. The day will be facilitated by Victor Rosansky co-author of 'Making Quality Work' (Harper Collins 1993)
Contact: Jane Frosdick - ODI Europe
Tel3: 0181 336 0022 Fax: 0181 336 0246
LONDON

MAY 22
Strategic Tax Planning for Corporate Acquisitions Disposals and Reconstructions
Corporate tax specialists will explain the recent changes that have arisen as a result of new case law and new statutes with emphasis on the many opportunities that remain for minimising tax and maximising the return to shareholders.
Contact: Kate Roberts, IBC Legal Studies and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

MAY 22-26
Introduction to Lending
Personnel with little/no credit experience, who will lend to individuals/small businesses; or require a grounding in basic *lending skills for lending to larger* corporates. Provides students with skill to identify/analyse risks attached to specific lending propositions, translate analysis into balanced decisions & prepare balanced credit reports.
Contact FUTURES Quality Financial Training, part of AT&T
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

MAY 23
Decoding NVQs/GNVQs- Making use of vocational *qualifications in your organisation*
This conference aims to help employers to understand, interpret and exploit the development of NVQs and GNVQs. Keynote address: Sir Bob Reid. Speakers from: *CBI, NCVQ, BTEC, UCAS.* Workshops from leading UK organisations: Ford Motor Company, Tesco Stores, Copthorne Hotels and Metropolitan Police.
Contact: Elaine Jackson,
Tel: 0171 379 7383 Fax: 0171 240 8018.
LONDON

MAY 23
Trusts and Tax Traps for Trustees
Specialist conference looking at the following areas; the creation of trusts; tax and drafting of trusts; trustees problems with underlying companies; investment and distributive functions; overseas trusts and; trustees problems with company reorganisations.
Contact: Vicki Goffin, IBC Legal Studies and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

MAY 23 & 24
Motor Insurance Conference
The motor insurance market continues to be a hotbed with the traditional scrabble for market share. DYP's conference addresses some of the most pressing issues. For further details contact
DYP Conferences:
Tel: 0171 250 1500 *Fax: 0171 253 9907*
LONDON

MAY 24-25
Succeeding with Teams
How to overcome the cultural and *organisational barriers to effective* teamworking. Process-based teams provide companies with flexibility, speed and productivity, but they will not succeed unless the cultural, communication and implementation issues surrounding teamworking are properly addressed.
Contact: Business Intelligence.
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

MAY 25
Benchmarking and BPR
The BPR Study Group hosts an interactive *one day session assessing the link between* radical change and effective benchmarking. How can you maximise the benefit from both?
Contact: Steve Towers, Hanson Associates
Telephone: +44 (0) 941 120118 (Eurodigital) Fax: +44 (0) 121 7099
Solihull, BIRMINGHAM

MAY 25-26
Advanced Documentary Credits
An in-depth review of these essential instruments of trade finance, including risk identification and avoidance.
2 Days. £425 + VAT
Contact: Fairplace
Tel: +44 (0) 171 329 0595
Fax: +44 (0) 171 329 3853
LONDON

MAY 30 - JUNE 1
Management Skills for Senior Executives
Aimed at senior managers and executives in the financial sector with direct people management responsibilities. Delegates will be equipped with proven frameworks & concepts across a range of management skills, understand & practice the role and skills of management and team building, examine the strategic implications of organisational theory and apply them to their own organisations development.
Contact FUTURES Quality Financial Training, part of AT&T
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

JUNE 1
Technology & The Lending Banker
Aimed at executives and senior management in the financial sector who are involved in a change programme in credit risk management; and managers wishing to understand the latest developments in computer-based lending programmes.
Contact FUTURES Quality Financial Training, *part of AT&T*
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

JUNE 5
Helping Your Bank to Help You
Suitable for executives and staff involved with and/or responsible for maintaining bank accounts &/or seeking debt financing, we will show you how to select a bank that best suits the needs of their firm, how to negotiate charges & services and how to make credit applications & develop sound *banking relationships.*
Contact FUTURES Quality Financial Training, part of AT&T.
Tel: 0121 742 9099 Fax: 0121 742 9964.
LONDON

JUNE 6 - 8
An Introduction to the Financial Sector
Targeted at personnel, including new entrants, who need to gain an understanding of how the financial sector, banks in particular, operate; the products and *services offered, and how the sector is* likely to change in the future.
Contact FUTURES Quality Financial Training, part of AT&T.
Tel: 0121 742 9099 Fax: 0121 742 9964.
LONDON

JUNE 7
Business Performance Measurement: *The New Agenda*
A special half-day seminar which explores how executives can more effectively drive future business performance by identifying and managing a wider range of non-traditional performance measures. Featuring David Norton.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
LONDON

JUNE 7 - 8
EIS 95 - Client Server Reporting for the Enterprise
Europe's leading conference and exhibition covering the full spectrum of managerial applications and enterprise reporting technologies: EIS, OLAP, Data Warehousing, Data Access and Query tools, and much more. An international conference including Paul Strassmann, David Norton plus an exclusive exhibition of over 30 leading suppliers.
Contact: Business Intelligence
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

JUNE 7 & 8
International Reinsurance Conference
Presented by DYP this conference has established a key place in the reinsurer's calendar. Hear what leading figures have to say on a host of subjects.
Further details contact: DYP Conferences
Tel: (0171) 2501500 Fax: (0171) 253 9907
LONDON

JUNE 12
Taxation of Agricultural and Rural Land
This annual event will cover; capital gains tax planning; milk quota taxation; self-assessment; the new schedule A rules; VAT-the recent changes; the 1995 rules for *short rotation coppice; inheritance tax* update; and the valuation of agricultural tenancies.
Contact: Vicki Goffin, IBC Legal Studies and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

JUNE 12 & 13
Introduction to Banking Systems
Executives and managers who require a non technical insight into the use and benefits of computer technology within banks. Upon completion, delegates will know: how computer technology is being used, the benefits of using technology in areas such as marketing, managing costs, controlling risks and improving *complex decision* making processes.
Contact FUTURES Quality Financial Training, part of AT&T.
Tel: 0121 742 9099 Fax: 0121 742 9964.
LONDON

JUNE 14-16
Customer Profitability
Suitable for executives and managers in the financial sector who are involved with or intend to implement customer profitability systems. Provides delegates with an understanding of how customer profitability systems can add to profits and competitive *advantage, prepare and interpret customer* profitability statements and be aware of implementation difficulties and practical solutions which will achieve a working profitability analysis.
Contact FUTURES Quality Financial Training, part of AT&T.
Tel: 0121 742 9099 Fax: 0121 742 9964
LONDON

JUNE 15
Essential Tax Techniques for Property Transactions
Delegates will receive the latest practical advice on the taxation aspects of property transactions. Topics include: common tax pitfalls and planning opportunities; vat planning in the new climate; capital allowances; stamp duty; sales and leasebacks and the offshore element.
Contact: *Vicki Goffin, IBC Legal Studies* and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

JUNE 21 & 22
Practical European Tax Planning for Today's Multinational Companies
An expert panel of speakers will explain the latest taxation developments and current planning strategies that are available to maximise global growth. There will also be a discussion of the important recent claim by *Hoechst, concerning the payment of tax credit* and ACT under the non-discrimination provisions of the Treaty of Rome and the UK/German Double Tax Treaty.
Contact Kate Roberts, IBC Legal Studies and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
LONDON

JUNE 21-23
Smart Card Workshop
A three-day residential workshop designed to introduce and explain Smart Card technology and its applications. In-depth tuition by leading specialists in implementation considerations and technology choices. Full review of today's major UK projects: detailed case study undertaken. Comprehensive manual supplied.
Contact: Dorothy Higginson -
The Smart Card Club 01494 890128
Fax: 01494 891008
LONDON

JUNE 27
The Power of Innovation
Powerful strategies for creating competitive advantage from the world's foremost innovators. *Keynote speaker: Rt. Hon. Michael Heseltine, MP, President of the Board of Trade. A distinguished panel of* world class innovation specialists including Microsoft, 3M and Eastman Kodak with additional input from the Europe Japan Centre.
Contact: Elaine Jackson, HDL Conferences
Tel: 0171 379 7383 Fax: 0171 240 8018
LONDON

JUNE 26 & 27
How to Buy a Company
The past year has witnessed a substantial increase in M&A activity. This intensive two-day workshop provides a concise overview of the acquisition process, and highlights the importance of planning your strategy with care. The subject is explored through practical case studies.
Contact: Acquisitions Monthly Conferences
Tel: 0171 823 8740 Fax: 0171 581 4331
LONDON

JUNE 27-28
Business Re-engineering: The human and cultural challenges
This conference provides a detailed discussion of all the key factors that your should consider to enable a move to new working practices, behaviours and skills. It provides a number of overall framework as well as in-depth exploration of the individual elements of a successful change management strategy.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
LONDON

JUNE 30 - JULY 2
Valuing Companies
A 3-day fully residential course. Company Evaluation is the backbone of corporate finance and a key factor in lending and investment decisions. Structuring transactions, Advanced Valuation techniques, Emerging market issues, Valuing and Restructuring Loss Making Companies, Risk and Return Analysis.
£655. Contact: Fairplace.
Tel:+44 (0) 171 329 0595
Fax:+44 (0) 171 329 3853
SURREY

JULY 3-6
The Eleventh International Conference and Exhibition on Liquefied Natural Gas
Register now to take part in the world's *premier forum for discussion of LNG* matters. Being staged for the first time in the UK, this conference will bring together 1,500 purchasers and decision makers from all areas of this rapidly growing and increasingly important sector of the energy industry.
The Event Organisation Company
Tel: +44 171 228 8034
Fax: +44 171 924 1790
BIRMINGHAM

JULY 3 - 7
***Networking Computing and* Telecommunications Convergence Series**
In this series of seminars and workshops telecomms specialists, industry analysts and end user organisations focus on the applications and futures of ATM, ISDN, Network Management, Open Systems and Computer Telephone Intergration technologies.
Contact: UNICOM Seminars Limited: 01895 256484 Fax: 01895 813095.
LONDON

JULY 3-7
Banking Strategy
OCTOBER 16-17
Derivatives Risk Management
OCTOBER 18-19
Chaos Theory and Financial Engineering
BPP Executive Seminars 1995
Presented by Professor Dimitris N Chorafas, international specialist in finance and strategy *and advisor to major banks and corporations* the BPP range of Executive Seminars.
Full details on request. Contact: BPP Executive Seminars, Hilary Jackson
Tel: 0171 628 8444 Fax: 0171 628 7818
CENTRAL LONDON

JULY 11-12
Financing European Seaport Development
The conference focuses on the increasing need to develop new funding methods to upgrade and expand the seaport facilities of major European countries. Looking at joint venture programmes, private finance initiatives and privatisations.
For further details, contact Claire Dexter, The Waterfront Conference Company.
Tel: 0171 730 0410
LONDON

JULY 21 - 23
Understanding and Influencing the Political Process
This training course is designed to instruct senior executives how to apply effective pressure on the Government. Learn how to influence the political process and make it work for you.
For further details, contact Claire Dexter, The Waterfront Conference Company.
Tel: 0171 730 0410.
LONDON

AUGUST 6 - 11
SUMMER SCHOOL. Banking & Finance: Designs for the Future.
5 - day residential - for an International audience of high flyers and senior executives. Director of School - Eric Glover, Secretary - General Chartered Institute of Bankers 1982 - 1994 with Professor David Llewellyn, Loughborough University. Speakers include: Andrew Buxton, Chairman, Barclays, Sir Brian Pitman, Chief Executive, Lloyds, Professor Joe Norton, SMU, Dallas. Contact: Fairplace
Telephone: +44 (0) 171 329 0595
Fax: +44 (0) 171 329 3853.
CAMBRIDGE

OCTOBER
BPRSG Third Annual Conference - Radical Change and Continuous Improvement
Chaired by Kevin Southwood, MD Alliance & Leicester Building Society. *Guest Speakers* will present case studies reviewing practical and successful ways of combining different approaches to performance improvement.
Contact: Steve Towers, Hanson Associates
Tel: +44 (0) 941 120118 (Eurodigital)
Fax: +44 (0) 121 711 7099
EDINBURGH

INTERNATIONAL

MAY 2
India As A Business Partner
This conference, sponsored by Bank of Baroda, Arthur Andersen, Oxford International and supported by the Indo-British Partnership, examines the impact of the reform programme and the prospects for prospects for international business. Speakers include Richard Needham, Swraj Paul SS Tarapore, N Vaghul, K Kannan.
Details: Cityforum Ltd
Tel: 01225 466744 Fax: 01225 442903
INDIA

MAY 10 - 12
Doing Business in Bulgaria
A major conference giving businessmen, bankers and executives the opportunity to meet the new Bulgarian government and learn about the latest developments. Aimed at stimulating foreign investments this is an ideal event for exploring opportunities and making top level government & business contacts. Organisers: "Balkan News" together with "Standart" newspaper.
Enquiries: Tel.+301-6016700 Fax.+301-601 4600
SOFIA, BULGARIA

MAY 15
Dealmakers Meeting Power Generation
Round table meeting dealmakers and *representatives from e.g.: Gasprom, Amoco,* Min. of Fuel and Energy, MVM, EBRD, IVO, Polish Power Grid, RAO. Financing and Investment opportunities in Russia and Central & Eastern Europe. Connected to POWER-GEN Europe 95.
Contact: PennWell C&E
Tel: 31-30-650 963 Fax: 31-30-650 915
AMSTERDAM

MAY 16-17
3rd International Financial Services Conference for Latin America
Programme in Latin America to include: Retail Banking, Reengineering, Cards and Payments Strategies, Delivery and Distribution. Separate workshops on Branch Design, Direct Banking, Private Banking, Smart Cards 2000. Speakers from MasterCard, First Chicago, Banco Itaú, Booz - Allen & Hamilton.
Contact:Eleanor Tierney on tel: (353 1) 671 8022 or fax: (353 1) 671 3594/8240
SAO PAULO, BRAZIL

MAY 16 - 18
POWER-GEN Europe 95
Investment & financing in the Power Industry. *Trends and Policies, Combustion* and Operating Power Plants 150 selected conference presentations. Over 230 exhibiting companies. Delegates and visitors from over 51 countries, especially from Central, Eastern and Western Europe.
Contact: PennWell
Tel. 31-30-650963 Fax: 31-30-650915
AMSTERDAM

MAY 18
AIME - The Customer Connection
The Association of Industrial Marketing for Europe will address the issues of the "Customer Marketing" approach. Neither *price nor technology is sufficient to* differentiate your product from competitors. "Service Quality" will win in today's highly competitive markets. This progressive seminar would be of interest to Marketing Managers in business to business markets, analysis and representatives of banks, financial institutions and investment companies.
Contact: Sylvia Davies. Tel: +44 (0) 181 879 0709 Fax: +44 (0) 181 947 2637
BRUSSELS

MAY 22 & 23
Asian Electricity
The fourth FT Power in Asia meeting will focus on electricity restructuring policies and programmes in the Asia-Pacific region, review developments in China's power sector and examine the growth of Independent Power Projects in Asia.
Enquiries: Financial Times
Tel: 0181 673 9000 Fax: 0181 673 1335
HONG KONG

MAY 30 - JUNE 1
***The Power of Teleshopping* Worldwide - Teleshopping '95**
NIMA International's third European conference featuring top direct response television executives from North America and Europe. Keynote speaker David Carman, President and COO, Quantum International. In depth discussions on regulatory issues and current trends, plus six workshops sessions.
Contact: Vivien Wallace,
Tel: 0171-630 9977 Fax: 0171-630 9806
BARCELONA

MAY 31 - JUNE 1
***The Burgeoning Eastern Europe:* Investing for Wealth and Growth**
Practical advice on International Investment spotlights the wide-ranging opportunities in these emerging markets, facilitated by *accelerating reforms. Focus on joint* ventures, partnerships, corporate- financing intricacies, optimum investment strategies, securities market. Eastern Europe/FSU delegates attending. Elite speakers include TACIS, World Bank, UNIDO, BISTRO.
Sponsors: Swissair, Ernst & Young.
Contact: BCI Ltd Tel: +44(0)171 573 5077
Fax: +44(0)171 405 4957
GENEVA

JUNE 1 & 2
Advanced International Techniques for Multinational corporate Tax Strategy
Topics will include: Swiss headquarter and service company structures; opportunities in the emerging eastern european market; structuring of investments in South Africa; reducing international customs burdens; GATT planning and worldwide developments in transfer pricing.
Contact: Kate Roberts, IBC Legal Studies and Services Limited.
Tel: 0171 637 4383 Fax: 0171 631 3214
GENEVA

JUNE 6 & 7
The Czech Republic: Beyond Privatisation - New Business Challenges and Opportunities
Arranged in association with the Bohemia Foundation, the conference will explore the investment climate and opportunities in the new post privatisation stage of the country's development.
Enquiries: Financial Times
Tel: 0181-673-9000 Fax: 0181-673-1335
PRAGUE

JUNE 14-16
CHIEF FINANCIAL OFFICERS' CONFERENCE
The opportunity for international CFO's to debate a gamut of change programmes with their peers in a high level event chaired by The Economist's Group Finance Director. Enable your organisation to gain sustainable competitive advantage - Take Corporate *Transformation in your stride.*
Enquiries: Lisa Inch, The Economist Conferences
Tel: (44.171) 830 1154 Fax: (44.171) 409 3296
FLORENCE

JUNE 29 & 30
Ninth IBC Annual Transcontinental Trusts Conference. The Offshore World in Perilous Transition
This essential conference is now established as the premier forum on the use of offshore trusts and companies for international estate and tax planning. This year special attention will be given to the extent in which delegates may be at risk to criminal proceedings both in relation to money laundering and to other activities such as foreign tax crimes. Contact: Sarah Avian, *IBC Legal Studies and Services Limited.*
Tel: 0171 637 4383 Fax: 0171 631 3214
GENEVA

JUNE 26 - 28
The 23rd Annual International Pharmaceutical Conference
This pharmaceutical top management event entitled: "Adapting to a more integrated healthcare supply chain" will centre around the new business models for pharmaceutical companies characterised by increasingly powerful new actors and far reaching integration processes.
Contact: Gary Peters, Management Centre Europe, Brussels. Tel. +32.2.516.19.87. Fax. +32.2.513.71.08.
PARIS

OCTOBER 11-12
World Aid/Euro Aid 95 Conference & Networking Exhibition
Business opportunities in worldwide aid programmes for *EU* consultants, contractors, suppliers, governments, financial institutions etc. Networking meeting place. Includes WORLD AID GUIDE. Contact:
Société Générale de Développement SA
Tel: +322 512 4636 Fax: +322 512 4653
BRUSSELS

WORLD STOCK MARKETS

INDICES

	Apr 21	Apr 20	Apr 19	1995 High	1995 Low
Argentina					
General (29/12/77)	15091.23	14475.53	13661.14	16531.10 2/1	9831.09 9/3
Australia					
All Ordinaries(1/1/80)	2000.9	2026.0	2040.4	2049.50 18/4	1823.30 8/2
All Mining(1/1/80)	925.7	940.8	952.5	952.50 19/4	795.30 8/2
Austria					
Credit Aktien(30/12/84)	356.40	355.14	354.63	386.42 2/1	350.32 30/3
Traded Index(2/1/91)	960.27	955.07	950.36	1056.31 2/1	934.83 30/3
Belgium					
BEL20 (1/1/91)	1408.30	1376.00	1363.35	1408.30 21/4	1271.53 9/3
Brazil					
Bovespa (29/12/83)	(c)	33843.0	33307.0	43190.00 2/1	21382.00 9/3
Canada					
Metals Minls♦(1975)	4068.92	4029.93	4098.23	4326.07 18/1	3806.83 1/3
Composite♦ (1975)	4258.10	4250.00	4283.30	4319.48 30/3	3991.41 30/1
Portfolio§§ (4/1/83)	2111.87	2108.82	2130.21	2146.48 13/4	1948.39 31/1
Chile					
IPGA Gen (31/12/80)	5352.7	5293.8	5277.51	5518.21 17/1	4576.80 9/3
Denmark					
CopenhagenSE(3/1/83)	338.58	336.79	336.94	357.07 13/2	330.01 29/3
Finland					
HEX General(28/12/90)	1681.3	1656.8	1660.1	1940.30 10/1	1555.30 29/3
France					
SBF 250 (31/12/90)	1259.18	1236.46	1233.43	1261.23 5/1	1153.14 10/3
CAC 40(31/12/87)	1928.37	1882.00	1874.90	1928.37 21/4	1721.80 13/3
Germany					
FAZ Aktien(31/12/58)	733.64	728.16	724.70	785.81 16/2	708.87 30/3
Commerzbank(1/12/53)	2093.80	2077.20	2067.30	2269.00 16/2	2018.70 30/3
DAX (30/12/87)‡	1976.64	1955.97	1951.04	2135.04 15/2	1910.86 28/3
Greece					
Athens SE(31/12/80)	(c)	811.51	802.11	888.22 4/1	787.15 16/3
Hong Kong					
Hang Seng(31/7/64)	8645.39	8631.37	8581.85	8827.93 28/3	6967.93 23/1
India					
BSE Sens.(1979)	3362.79	3355.74	3384.52	3932.08 2/1	3233.31 22/2
Indonesia					
Jakarta Comp.(10/8/82)	419.52	414.41	414.21	481.22 6/1	414.21 19/4
Ireland					
ISEQ Overall(4/1/88)	1871.35	1867.86	1855.71	1902.77 10/2	1813.59 23/1
Italy					
Banca Comm Ital (1972)	621.43	618.46	615.73	680.54 10/2	587.99 23/3
MIB General (2/1/95)	982.0	977.0	973.0	1076.00 10/2	929.00 23/3
Japan					
Nikkei 225 (16/5/49)	16968.24	16843.06	16376.08	19723.06 2/1	15381.29 3/4
Nikkei 300 (1/10/82)	248.60	244.82	242.05	287.17 2/1	228.05 24/3
Topix (4/1/68)	1341.35	1321.04	1308.56	1559.09 2/1	1238.67 24/3
2nd Section (4/1/68)	1689.75	1680.20	1669.05	2133.86 2/1	1601.53 24/3
Malaysia					
KLSE Comp.(4/4/86)	977.84	962.64	963.82	988.79 5/4	840.87 24/1
Mexico					
IPC (Nov 1978)	(u)	1830.52	1792.75	2354.25 2/1	1105.95 5/4
Netherland					
CBS TtlRtnGen(End 83)	438.8	436.3	432.7	447.00 10/2	422.90 23/3
CBS All Shr (End 83)	274.8	272.7	271.1	280.40 10/2	266.20 23/3
New Zealand					
Cap. 40 (1/7/86)	2116.01	2123.83	2113.28	2123.83 20/4	1901.43 5/1
Norway					
Oslo SE(Ind)(2/1/83)	1128.42	1112.04	1099.86	1152.66 6/2	1036.00 10/3
Philippines					
Manila Comp (2/1/85)	2502.48	2489.80	2477.86	2805.28 3/1	2248.39 27/3
Portugal					
BTA (1977)	2772.1	2765.3	2768.6	2811.80 9/1	2682.40 26/1
Singapore					
SES All-S'pore(2/4/75)	501.16	494.02	491.55	506.06 5/1	472.99 23/1
South Africa					
JSE Gold (28/9/78)	1480.7♥	1507.7	1558.9	2023.00 2/1	1357.89 27/3
JSE Indl. (28/9/78)	6703.8♥	6696.8	6694.0	6884.49 2/1	6222.00 31/1
South Korea					
KoreaCmpEx(4/1/80)**	903.16	908.73	909.88	1027.37 3/1	885.89 28/2
Spain					
Madrid SE (30/12/85)	276.06	274.58	274.75	290.08 6/2	264.06 23/3
Sweden					
AffarsvardnGen (1/2/37)	1515.5	1506.8	1509.8	1583.80 14/2	1439.80 29/3
Switzerland					
Swiss Bk Ind (31/12/58)	1202.55	1195.16	1182.82	1257.80 14/2	1174.68 13/3
SBC General (1/4/87)	899.04	893.95	885.84	929.91 4/1	870.58 13/3
Taiwan					
WeightedPr.(30/6/66)**	5943.21	6136.54	6109.60	7124.66 3/1	5943.21 21/4
Thailand					
Bangkok SET (30/4/75)	1173.16	1160.29	1158.78	1373.85 5/1	1135.69 16/3
Turkey					
Istanbul Cmp.(Jan 1986)	54853.9	52711.1	50863.6	54853.90 21/4	24644.31 23/1
WORLD					
MS Capital Int (1/1/70)$	662.0*	658.5	661.0	662.00 21/4	598.21 23/1
CROSS-BORDER					
Eurotrack 100(26/10/90)	1286.45	1267.89	1262.20	1348.30 10/2	1222.41 13/3
Euro Top-100 (26/6/90)	1176.08	1164.47	1160.16	1292.57 10/2	1114.64 10/3
JCapelDrgns (31/12/88)	(u)	307.49	306.59	309.59 14/4	262.67 23/1
Barings Emerg.(7/1/92)	138.28	136.40	135.64	158.07 2/1	117.15 10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Apr	1912.0	1943.0	+47.0	1949.0	1908.0	29,834	28,038
May	1908.5	1940.0	+46.5	1943.0	1906.0	3,097	13,026
DAX							
Jun	1975.0	1990.0	+30.5	1995.0	1970.0	14,953	-
Sep	1998.0	2012.5	+28.5	2013.5	1995.5	200	-
OMX							
Apr	1178.00	1179.00	+8.00	1181.50	1174.00	3,816	23,196
May	1164.25	1165.00	+7.00	1169.50	1164.25	1,619	4,041
SOFFEX							
Apr	2553.5	2565.3	+24.3	2565.3	2552.0	2,624	6,145
Jun	2525.0	2525.0	+37.0	2527.0	2525.0	12	1,017
S&P 500							
Jun	507.25	510.30	+3.00	510.40	507.25	70,899	195,749
Sep	512.10	514.50	+2.85	512.10	511.90	450	12,967
Nikkei 225							
Jun	16870.0	17000.0	+310.0	17010.0	16840.0	27,714	123,012
Sep	16880.0	17080.0	+400.0	17090.0	16880.0	479	542

Open Interest figures for previous day.

** Sat Apr 15: Taiwan Weighted Price 6247.75; Korea Comp Ex 911.41. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Apr 21 - 1987.70 +32.37.

US INDICES

Dow Jones	Apr 21	Apr 20	Apr 19	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4270.69	4230.66	4207.49	4270.69 (21/4)	3832.08 (30/1)	4270.69 (21/4/95)	41.22 (2/7/32)
Home Bonds	99.14	98.95	98.72	99.14 (21/4)	93.63 (3/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1642.86	1634.35	1628.29	1687.65 (13/4)	1473.19 (3/1)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	192.65	192.92	192.79	198.74 (8/2)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4296.37 (4253.86) Low 4214.41 (4186.39) (Theoretical♦)
Day's high 4270.43 (4244.49) Low 4230.66 (4203.69) (Actual♦)

Standard and Poors	Apr 21	Apr 20	Apr 19	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	508.48	505.29	504.92	509.23 (13/4)	459.11 (3/1)	509.23 (13/4/95)	4.40 (1/6/32)
Industrials♥	604.77	600.27	599.26	604.80 (13/4)	545.28 (3/1)	604.80 (13/4/95)	3.62 (21/6/32)
Financial	47.44	47.37	47.52	47.81 (7/4)	41.41 (2/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	274.76	273.09	272.72	275.86 (13/4)	250.73 (3/1)	275.86 (13/4/95)	4.46 (25/4/42)
Amex Mkt Val	472.10	471.71	470.78	473.11 (17/4)	433.12 (6/1)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	823.46	819.01	816.55	832.84 (13/4)	743.58 (3/1)	832.84 (13/4/95)	54.87 (31/10/72)

RATIOS

	Apr 13	Apr 7	Mar 31	Year ago
Dow Jones Ind. Div. Yield	2.60	2.61	2.64	2.77
	Apr 19	Apr 12	Apr 5	Year ago
S & P Ind. Div. yield	2.27	2.25	2.26	2.55
S & P Ind. P/E ratio	18.06	18.15	18.11	23.24

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Citicorp	6,604,200	47⅝	+1
Compaq	6,489,100	36¾	+1
Gen Instr	5,904,600	34	-½
IBM	5,877,000	91⅝	+2¼
A T & T	5,848,600	49⅜	–
Wal-Mart	5,516,700	24⅛	-⅛
Telefonos	5,007,100	29⅝	+⅛
Chrysler	4,775,800	45⅜	+⅝
Merck	4,079,500	42⅞	+1
Ford Motor	4,054,400	27	-⅛

TRADING ACTIVITY

● Volume (million)	Apr 21	Apr 20	Apr 19
New York SE	403.646	366.893	377.523
Amex	16.026	18.177	18.966
NASDAQ	(u)	379.271	426.064
NYSE			
Issues Traded	2,968	2,982	2,984
Rises	1,317	1,163	944
Falls	849	1,017	1,218
Unchanged	803	802	802
New Highs	104	61	48
New Lows	23	29	24

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Friday, April 21, 1995

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	6.7m	346	+5
Mitsubishi Hvy	6.8m	633	+9
Hitachi	5.8m	897	+22
Toshiba	4.7m	583	+20
Nomura Secs	3.8m	1720	+70
Sumitomo Mtl	3.5m	288	+4
NEC	3.4m	930	+18
Nikko Secs	3.4m	846	+30
NKK	3.3m	237	
Tosoh	3.2m	435	+10

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Apr 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5575	+0.0107	511 - 638	15.7131	15.5437	15.5344	1.8	15.4871	1.8	-	-	108.0
Belgium	(BFr)	45.5870	+0.153	574 - 166	45.9330	45.5380	45.547	1.1	45.447	1.2	44.912	1.5	111.0
Denmark	(DKr)	8.7428	+0.0355	366 - 490	8.7900	8.7081	8.7503	-1.0	8.7538	-0.5	8.7222	0.2	110.4
Finland	(FM)	6.8796	-0.0072	745 - 847	6.9640	6.8650	-	-	-	-	-	-	87.3
France	(FFr)	7.8433	+0.0141	397 - 469	7.9119	7.8262	7.857	-2.1	7.876	-1.7	7.848	0.0	109.5
Germany	(DM)	2.2111	+0.0015	103 - 118	2.2337	2.2063	2.2061	1.7	2.2006	1.9	2.1591	2.4	114.4
Greece	(Dr)	361.149	+0.508	868 - 430	364.441	360.267	-	-	-	-	-	-	69.1
Ireland	(I£)	0.9841	+0.0007	835 - 847	0.9856	0.9813	0.9837	0.5	0.9835	0.2	0.9838	0.0	96.9
Italy	(L)	2765.16	-25.99	383 - 638	2786.71	2763.84	2775.56	-4.5	2795.61	-4.4	2878.51	-4.0	63.6
Luxembourg	(LFr)	45.5870	+0.153	574 - 166	45.9330	45.5380	45.547	1.1	45.447	1.2	44.912	1.5	111.0
Netherlands	(Fl)	2.4777	+0.0067	765 - 788	2.5029	2.4730	2.4743	1.6	2.4663	1.8	2.4216	2.3	110.8
Norway	(NKr)	9.9821	+0.0228	765 - 878	10.0649	9.9567	9.9734	1.0	9.9488	1.3	9.8225	1.6	99.4
Portugal	(Es)	234.336	+0.386	219 - 453	236.325	232.708	233.471	4.4	236.641	-3.9	-	-	96.6
Spain	(Pta)	198.613	-0.476	421 - 804	200.555	197.810	199.113	-3.0	205.633	-14.1	204.593	-3.0	79.6
Sweden	(SKr)	11.9078	-0.0106	979 - 177	12.0263	11.8820	11.9102	-0.2	11.9146	-0.2	11.9337	-0.2	75.8
Switzerland	(SFr)	1.8279	+0.0025	268 - 290	1.8403	1.8238	1.8238	2.7	1.8143	3.0	1.764	3.5	114.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.5
Ecu	-	1.2111	+0.0016	104 - 117	1.2207	1.2084	1.2109	0.2	1.2112	0.0	1.2042	0.6	-
SDR†	-	1.01977	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6056	-0.0068	052 - 059	1.6119	1.6011	-	-	-	-	-	-	-
Brazil	(R$)	1.4705	-0.0069	679 - 732	1.4756	1.4688	-	-	-	-	-	-	-
Canada	(C$)	2.1970	-0.013	962 - 977	2.2073	2.1903	2.2005	-1.9	2.2048	-1.4	2.2056	-0.4	82.5
Mexico	(New Peso)	9.6816	-0.1986	199 - 033	9.7042	9.6430	-	-	-	-	-	-	-
USA	($)	1.6063	-0.0062	060 - 065	1.6127	1.6017	1.6061	0.1	1.6045	0.5	1.5913	0.9	87.6
Pacific/Middle East/Africa													
Australia	(A$)	2.1909	-0.0057	898 - 920	2.1925	2.1881	2.1938	-1.5	2.198	-1.3	2.2151	-1.1	78.5
Hong Kong	(HK$)	12.4207	-0.0452	179 - 234	12.4678	12.3856	12.4167	0.4	12.4073	0.4	12.3404	0.6	-
India	(Rs)	50.4684	-0.219	525 - 843	50.5870	50.3330	-	-	-	-	-	-	-
Israel	(Shk)	4.7626	-0.0067	578 - 674	4.7875	4.7575	-	-	-	-	-	-	-
Japan	(Y)	133.182	-0.111	105 - 259	135.090	132.960	132.657	4.7	131.517	5.0	125.722	5.6	172.9
Malaysia	(M$)	3.9610	-0.025	588 - 632	3.9930	3.9575	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3901	-0.0112	888 - 913	2.3919	2.3881	2.3954	-2.7	2.4045	-2.4	2.4186	-1.2	97.8
Philippines	(Peso)	41.8429	-0.097	560 - 297	41.9304	41.7302	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0242	-0.0235	228 - 255	6.0483	6.0077	-	-	-	-	-	-	-
Singapore	(S$)	2.2416	-0.011	404 - 427	2.2562	2.2350	-	-	-	-	-	-	-
South Africa	(R)	5.8003	-0.0062	981 - 024	5.8146	5.7744	-	-	-	-	-	-	-
South Korea	(Won)	1227.66	-5.3	731 - 801	1233.07	1224.34	-	-	-	-	-	-	-
Taiwan	(T$)	40.8012	-0.0922	844 - 180	40.9045	40.6960	-	-	-	-	-	-	-
Thailand	(Bt)	39.4334	-0.12	712 - 556	39.5670	39.3620	-	-	-	-	-	-	-

† Rates for Apr 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	9.6856	+0.0439	831 - 880	9.7725	9.6830	9.6736	1.5	9.6536	1.3	9.5591	1.3	108.2
Belgium	(BFr)	28.3810	+0.204	670 - 950	28.5600	28.3550	28.356	1.1	28.318	0.9	28.196	0.7	110.5
Denmark	(DKr)	5.4430	+0.043	400 - 460	5.4614	5.4304	5.4471	-0.9	5.455	-0.9	5.4717	-0.5	109.6
Finland	(FM)	4.2830	+0.012	805 - 855	4.3274	4.2719	4.2833	-0.1	4.2838	-0.1	4.2865	-0.1	86.0
France	(FFr)	4.8830	+0.0275	815 - 845	4.9065	4.8810	4.8917	-2.1	4.9067	-1.9	4.9223	-0.8	109.2
Germany	(DM)	1.3766	+0.0062	763 - 768	1.3892	1.3730	1.3749	1.5	1.3712	1.6	1.3556	1.5	113.3
Greece	(Dr)	224.840	+1.18	700 - 980	226.650	224.200	226.77	-10.3	230.625	-10.3	246.595	-9.7	68.3
Ireland	(I£)	1.6323	-0.0074	316 - 330	1.6385	1.6285	1.633	-0.5	1.6347	-0.6	1.6468	-0.9	-
Italy	(L)	1721.50	-9.5	100 - 200	1739.25	1720.25	1728	-4.5	1741.4	-4.6	1803.75	-4.8	62.3
Luxembourg	(LFr)	28.3810	+0.204	670 - 950	28.5600	28.3550	28.356	1.1	28.318	0.9	28.196	0.7	110.5
Netherlands	(Fl)	1.5425	+0.01	420 - 430	1.5545	1.5390	1.5404	1.6	1.5366	1.5	1.5205	1.4	110.2
Norway	(NKr)	6.2145	+0.038	120 - 170	6.2492	6.1945	6.2092	1.0	6.1993	1.0	6.1685	0.7	98.3
Portugal	(Es)	145.890	+0.8	840 - 940	146.960	145.440	146.39	-4.1	147.535	-4.5	152.83	-4.8	97.0
Spain	(Pta)	123.650	+0.18	550 - 750	124.360	123.500	123.965	-3.1	124.67	-3.3	128.42	-3.9	79.0
Sweden	(SKr)	7.4134	+0.0219	084 - 184	7.4797	7.3971	7.4287	-2.5	7.4614	-2.6	7.6344	-3.0	75.4
Switzerland	(SFr)	1.1380	+0.0059	375 - 385	1.1485	1.1350	1.1354	2.7	1.1304	2.7	1.1071	2.7	114.9
UK	(£)	1.6063	-0.0062	060 - 065	1.6127	1.6017	1.6061	0.1	1.6045	0.5	1.5913	0.9	84.2
Ecu	-	1.3263	-0.0069	258 - 268	1.3295	1.3187	1.326	0.3	1.3255	0.2	1.3236	0.2	-
SDR†	-	0.63195	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0004	995 - 996	0.9996	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.9155	-0.002	140 - 170	0.9170	0.9140	-	-	-	-	-	-	-
Canada	(C$)	1.3678	-0.0028	675 - 680	1.3690	1.3672	1.3702	-2.1	1.3739	-1.8	1.3851	-1.3	80.9
Mexico	(New Peso)	6.0150	-0.1	900 - 400	6.0400	5.9800	6.0172	-0.4	6.0204	-0.4	6.0253	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	89.1
Pacific/Middle East/Africa													
Australia	(A$)	1.3639	+0.0011	635 - 644	1.3674	1.3595	1.3655	-1.4	1.3694	-1.6	1.3906	-2.0	80.1
Hong Kong	(HK$)	7.7327	+0.0016	322 - 332	7.7335	7.7302	7.7309	0.3	7.7305	0.1	7.7462	-0.2	-
India	(Rs)	31.4200	-0.015	150 - 250	31.4520	31.4000	31.5	-3.1	31.745	-4.1	-	-	-
Israel	(Shk)	2.9651	+0.0073	625 - 676	2.9748	2.9620	-	-	-	-	-	-	-
Japan	(Y)	82.9150	+0.25	800 - 500	84.0000	82.7500	82.59	4.7	81.945	4.7	78.925	4.8	173.4
Malaysia	(M$)	2.4660	-0.006	650 - 670	2.4800	2.4650	2.464	1.0	2.4616	0.7	2.456	0.4	-
New Zealand	(NZ$)	1.4879	-0.0013	874 - 885	1.4916	1.4832	1.4913	-2.7	1.4981	-2.7	1.5173	-2.0	-
Philippines	(Peso)	26.0500	+0.04	000 - 000	26.1000	26.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0001	502 - 507	3.7508	3.7502	3.7515	-0.3	3.7536	-0.3	3.7655	-0.4	-
Singapore	(S$)	1.3955	-0.0015	950 - 960	1.4008	1.3945	1.3902	4.5	1.382	3.9	1.3555	2.9	-
South Africa	(R)	3.6111	+0.0088	103 - 118	3.6160	3.6015	3.6291	-6.0	3.6664	-6.1	3.8503	-6.9	-
South Korea	(Won)	764.300	-0.35	200 - 400	766.200	763.800	767.3	-4.7	770.8	-3.4	789.3	-3.3	-
Taiwan	(T$)	25.4015	+0.0405	950 - 080	25.4350	25.3800	25.4215	-0.9	25.4615	-0.9	-	-	-
Thailand	(Bt)	24.5500	+0.02	400 - 600	24.5800	24.5400	24.571	-1.0	24.5975	-0.8	24.685	-0.5	-

† SDR rate per $ for Apr 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 20. Base average 1990=100

[illegible]

MONEY RATES

April 21	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4 5/8	5 1/8	5 5/16	5 9/16	5 5/8	7.40	4.00	-
week ago	4 7/8	5 1/8	5 1/4	5 3/8	5 5/8	7.40	4.00	-
France	7 7/8	8	7 1/2	7 1/4	7 1/8	5.00	-	8.00
week ago	7 3/8	8	7 5/8	7	6 7/8	5.00	-	8.00
Germany	4 3/8	4 3/8	4 1/2	4 9/16	4 7/8	6.00	4.00	4.50
week ago	4 3/8	4 3/8	4 3/8	4 1/2	4 7/8	6.00	4.00	4.50
Ireland	6 1/4	6 1/2	6 7/8	6 7/8	7 1/4	-	-	6.25
week ago	5 7/8	6 1/2	6 5/8	6 7/8	7 1/4	-	-	6.25
Italy	10 3/8	10 3/8	10 7/8	11 1/4	11 5/8	-	7.50	10.79
week ago	10 1/4	10 3/8	10 5/8	10 7/8	11 1/4	-	7.50	10.46
Netherlands	4 1/4	4 1/2	4 5/8	4 3/4	5	-	-	5.25
week ago	4.48	4 1/2	4.68	4.80	5.04	-	-	5.25
Switzerland	3 1/4	3 3/8	3 1/4	3 1/2	3 5/8	6.625	3.00	-
week ago	3 1/4	3 3/8	3 3/8	3 1/2	3 5/8	6.625	3.00	-
US	6	6 1/8	6 1/4	6 3/8	6 1/2	-	5.25	-
week ago	5 7/8	6 1/8	6 1/4	6 3/8	6 5/8	-	5.25	-
Japan	2 1/4	1 3/8	1 3/8	1 3/8	1 1/4	-	1.00	-
week ago	2 1/4	1 3/8	1 1/2	1 1/2	1 1/2	-	1.75	-
$ LIBOR FT London								
Interbank Fixing	-	6 1/8	6 1/4	6 3/8	6 1/2	-	-	-
week ago	-	6 1/8	6 1/4	6 3/8	6 5/8	-	-	-
US Dollar CDs	-	5.89	5.99	6.11	6.35	-	-	-
week ago	-	5.89	6.02	6.21	6.51	-	-	-
SDR Linked Ds	-	4 5/8	5	5 1/8	5 1/4	-	-	-
week ago	-	4 5/8	5	5 1/4	5 1/4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 1/4; 3 mths: 6 3/8; 6 mths: 6 1/2; 1 year: 6 3/4. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/16 - 4 11/16	5 - 4 7/8	5 1/8 - 5	5 7/16 - 5 5/16	5 11/16 - 5 9/16	[illegible]
Danish Krone	7 1/8 - 6 5/8	7 - 6 5/8	7 - 6 3/4	7 1/16 - 6 13/16	7 1/8 - 6 7/8	[illegible]
D-Mark	4 5/8 - 4 1/2	4 9/16 - 4 7/16	4 5/8 - 4 1/2	4 5/8 - 4 1/2	4 3/4 - 4 5/8	[illegible]
Dutch Guilder	4 1/2 - 4 3/8	4 1/2 - 4 3/8	4 9/16 - 4 7/16	4 11/16 - 4 9/16	4 3/4 - 4 11/16	[illegible]
French Franc	7 7/8 - 7 5/8	8 1/16 - 7 13/16	8 1/8 - 7 7/8	8 - 7 3/4	7 15/16 - 7 11/16	[illegible]
Portuguese Esc.	9 - 8 3/4	9 1/2 - 9	10 1/4 - 9 1/2	11 - 10 5/8	11 1/16 - 10	[illegible]
Spanish Peseta	8 11/16 - 8 9/16	8 5/8 - 8 1/2	8 7/8 - 8 3/4	9 5/16 - 9 3/16	9 13/16 - 9 9/16	[illegible]
Sterling	5 7/8 - 5 5/8	6 - 5 7/8	6 1/4 - 6 3/16	6 11/16 - 6 5/8	7 - 6 15/16	[illegible]
Swiss Franc	3 1/2 - 3 3/8	3 1/2 - 3 3/8	3 7/16 - 3 5/16	3 1/2 - 3 3/8	3 9/16 - 3 7/16	[illegible]
Can. Dollar	7 13/16 - 7 3/4	8 1/16 - 7 7/8	7 15/16 - 7 13/16	7 15/16 - 7 13/16	7 15/16 - 7 13/16	[illegible]
US Dollar	6 1/16 - 5 15/16	6 1/8 - 6	6 1/8 - 6	6 1/4 - 6 1/8	6 3/8 - 6 1/4	[illegible]
Italian Lira	10 1/4 - 9 3/4	10 5/8 - 10 1/2	10 5/8 - 10 1/2	10 15/16 - 10 13/16	11 7/16 - 11	[illegible]
Yen	1 1/2 - 1 3/16	1 1/16 - 1 3/8	1 7/16 - 1 3/8	1 7/16 - 1 3/8	1 13/16 - 1 11/16	[illegible]
Asian $Sing	1/2 - 1/4	7/8 - 5/8	1 5/8 - 1 1/2	2 1/8 - 2	2 1/2 - 2 3/8	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.74	93.74	+0.01	93.75	93.73	62,853	[illegible]
Sep	93.64	93.64	+0.01	93.66	93.63	97,533	[illegible]
Dec	93.45	93.45	+0.01	93.48	93.44	97,317	[illegible]

US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.33	94.31	-	94.33	94.31	1,393	13,551
Sep	94.20	94.18	-	94.20	94.18	821	11,183
Dec	94.03	94.02	-	94.04	94.02	313	10,487

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.18	17.20	4.850	2.158	6065	5.435	21.90	513.9	435.6	26.12	4.010	2.193	4.819	3.523	292.2	2.656
Denmark	(DKr)	52.14	10	8.971	2.529	1.125	3163	2.834	11.42	268.0	227.2	13.62	2.091	1.144	2.513	1.837	152.4	1.385
France	(FFr)	58.13	11.15	10	2.819	1.255	3525	3.160	12.73	298.7	253.2	15.19	2.331	1.275	2.801	2.048	169.8	1.544
Germany	(DM)	20.62	3.954	3.547	1	0.445	1251	1.121	4.515	106.0	89.82	5.387	0.827	0.452	0.994	0.726	60.24	0.548
Ireland	(I£)	46.33	8.885	7.971	2.247	1	2810	2.518	10.14	238.1	201.8	12.10	1.858	1.016	2.233	1.632	135.4	1.231
Italy	(L)	1.649	0.316	0.284	0.080	0.036	100.	0.090	0.361	8.474	7.183	0.431	0.066	0.036	0.079	0.058	4.817	0.044
Netherlands	(Fl)	18.40	3.528	3.165	0.892	0.397	1116	1	4.028	94.55	80.15	4.806	0.738	0.404	0.887	0.648	53.75	0.489
Norway	(NKr)	45.67	8.759	7.857	2.215	0.986	2770	2.482	10	234.7	199.0	11.93	1.831	1.002	2.201	1.609	133.4	1.213
Portugal	(Es)	19.45	3.732	3.347	0.944	0.420	1180	1.058	4.260	100.	84.76	5.083	0.780	0.427	0.938	0.685	56.85	0.517
Spain	(Pta)	22.96	4.402	3.949	1.113	0.495	1392	1.248	5.026	118.0	100.	5.997	0.920	0.504	1.106	0.809	67.07	0.610
Sweden	(SKr)	38.28	7.341	6.585	1.856	0.826	2322	2.081	8.381	196.7	166.8	10	1.535	0.840	1.845	1.348	111.8	1.017
Switzerland	(SFr)	24.94	4.783	4.290	1.210	0.538	1513	1.356	5.461	128.2	108.6	6.515	1	0.547	1.202	0.879	72.87	0.662
UK	(£)	45.59	8.743	7.843	2.211	0.984	2765	2.478	9.982	234.3	198.6	11.91	1.828	1	2.197	1.606	133.2	1.211
Canada	(C$)	20.75	3.980	3.570	1.006	0.448	1259	1.128	4.543	106.6	90.40	5.421	0.832	0.455	1	0.731	60.63	0.551
US	($)	28.38	5.444	4.884	1.377	0.613	1722	1.543	6.215	145.9	123.7	7.416	1.138	0.623	1.368	1	82.94	0.754
Japan	(Y)	34.23	6.564	5.888	1.660	0.739	2076	1.860	7.494	175.9	149.1	8.941	1.372	0.751	1.649	1.206	100.	0.909
Ecu		37.65	7.220	6.476	1.826	0.813	2283	2.046	8.243	193.5	164.0	9.835	1.509	0.826	1.814	1.326	110.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.7247	0.7312	+0.0077	0.7315	0.7216	33,375	82,180
Sep	0.7280	0.7341	+0.0077	0.7345	0.7265	256	2,939
Dec	-	0.7369	+0.0077	0.7370	0.7290	7	408

SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.8795	0.8869	+0.0088	0.8872	0.8745	15,722	27,064
Sep	0.8831	0.8926	+0.0086	0.8928	0.8813	30	2,249
Dec	-	0.8988	+0.0084	0.8988	0.8877	7	523

JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	1.2113	1.2171	+0.0067	1.2180	1.2000	28,841	61,322
Sep	1.2240	1.2321	+0.0067	1.2328	1.2220	341	3,385
Dec	-	1.2473	+0.0067	1.2475	1.2460	64	777

STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	1.6086	1.6096	-0.0012	1.6140	1.6010	5,011	22,705
Sep	1.6010	1.6072	-0.0012	1.6120	1.5990	13	239
Dec	-	1.6042	-0.0012	1.6090	1.5970	1	62

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.525	8.61	8.84	9.12	-	0.38	0.75
1.550	6.30	6.85	7.24	0.13	0.78	1.28
1.575	4.16	5.01	5.53	0.48	1.41	2.03
1.600	2.44	3.46	4.07	1.21	2.34	2.98
1.625	1.21	2.31	2.88	2.47	3.56	4.26
1.650	0.51	1.43	2.01	4.20	5.17	5.80

Previous day's vol., Calls 8,740 Puts 11,408. Prev. day's open int., Calls 242,741 Puts 280,909

Pound in New York

Apr 21	Close	Prev. close
£ spot	1.6122	1.6092
1 mth	1.6120	1.6090
3 mth	1.6104	1.6076
1 yr	1.5974	1.5942

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.

FT GOLD MINES INDEX

	Apr 21	% chg since 30/12/94	Apr 20	Mkt Cap $bn	% of Gold Mines	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1974.13	-0.1	1989.30	48.88	100.00	2.11	2337.90	1637.91
Regional Indices								
Africa (16)	2738.40	-14.2	2783.36	14.56	29.78	4.82	3711.87	2365.52
Australasia (7)	2437.72	-0.7	2532.73	6.26	12.80	1.62	2951.49	1788.20
North America (11)	1687.92	+9.3	1681.48	28.07	57.42	0.81	1911.21	1348.18

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
170	F.P.	74.1	171	171	Biocompatibles Int'l	171		v-	-	-	-
-	P.P	128.5	702	669	Brit Aero Cap Uts	702		-	-	-	-
60	F.P.	9.68	63	61	Coral Products	63		b-	-	-	9.5
§128	F.P.	15.4	135	128	Dailywin	128		Rv6.0	2.2	5.9	6.7
§130	F.P.	52.1	158	136	Datrontech	155		-	-	-	17.8
100	F.P.	20.0	101	100	F&C SUIT Units	100		-	-	-	-
100	F.P.	29.4	101	98	Geared Inc Inv C	98		-	-	-	-
476	170	6,204.9	193	158 1/2	*Natl Power (P/P)	178	+2	F15.45	2.6	4.0	13.3
90	F.P.	18.2	98	90	PTS	96		L3.8	1.9	4.7	13.9
512	185	4,086.3	206	176 1/2	*PowerGen (P/P)	191	+2	F15.0	3.2	3.6	11.2
125	F.P.	18.8	128	125	Precoat Int'l	128		R4.2	2.5	4.1	12.3
270	F.P.	75.3	318	302	Rainford	316	-2	R5.0	2.9	2.0	18.6
-	F.P.	84.8	536	493	Schroder I G Uts	536	+6	-	-	-	-
100	F.P.	23.3	99	95	Scott Or Smlr Cos	98 1/2		-	-	-	-
-	F.P.	0.04	1600	5	Superframe Wts	7		-	-	-	-
97	F.P.	44.8	158	133	Vision	145	-4	-	-	-	-

* Note: issue price 10p higher for institutional and overseas investors.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1995 High	1995 Low	Stock	Closing price p	+or-
Ir20p	Nil	24/5	1 1/2pm	3/4pm	§Arcon Int'l	3/4pm	
23	Nil	31/5	1 1/2pm	1/2pm	Bolton	1/2pm	
20	Nil	28/4	7pm	5pm	Guinness Peat	6 1/2pm	+1
175	Nil	2/6	48pm	29pm	Inspec	48pm	+4
35	Nil	15/5	4pm	2pm	TBI	2pm	

UK INTEREST RATES

LONDON MONEY RATES

Apr 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 7/8 - 4 1/2	5 5/8 - 5 1/4	6 1/16 - 6	6 11/16 - 6 9/16	7 1/16 - 6 15/16	7 9/16 - 7 7/16
Sterling CDs	-	-	6 1/16 - 6	6 5/8 - 6 9/16	6 15/16 - 6 7/8	7 3/8 - 7 1/4
Treasury Bills	-	-	6 - 5 7/8	6 3/8 - 6 1/4	-	-
Bank Bills	-	-	6 1/32 - 5 29/32	6 1/2 - 6 3/8	6 13/16 - 6 11/16	-
Local authority deps.	5 15/16 - 5 13/16	5 15/16 - 5 13/16	6 1/8 - 6	6 5/8 - 6 1/2	7 - 6 7/8	7 1/2 - 7 3/8
Discount Market deps	6 1/2 - 4 1/2	5 7/16 - 5 5/16	-	-	-	-

UK clearing bank base lending rate 6 3/4 per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5 3/4	5 3/4	6	6 1/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount 6.1687pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 23, 1995, Schemes II & III 7.98pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.713pc. Finance House Base Rate 7pc from Apr 1, 1995

BANK OF ENGLAND TREASURY BILL TENDER

	Apr 21	Apr 13		Apr 21	Apr 13
Bills on offer	£900m	£900m	Top accepted rate	6.2973%	6.1969%
Total of applications	£3332m	£3589m	Ave. rate of discount	6.2810%	6.1687%
Total allocated	£900m	£900m	Average yield	6.3809	6.2651%
Min. accepted bid	£98.430	£98.455	Offer at next tender	£900m	£900m
Allotment at min. level	42%	15%	Min. accept. bid 182 days	-	-

BANK RETURN

BANKING DEPARTMENT	Wednesday: April 19, 1995	Increase or decrease for week
Liabilities	£	£
Capital	14,553,000	
Public deposits	1,173,794,457	+76,723,273
Bankers deposits	1,962,579,241	+424,349,471
Reserve and other accounts	3,041,291,132	-232,732,262
	6,192,217,830	+268,340,482
Assets		
Government securities	1,353,878,456	-89,615,000
Advance and other accounts	3,113,136,803	+936,448,068
Premise, equipment and other secs	1,716,215,585	-576,215,127
Notes	8,806,779	-2,276,717
Coin	180,207	-742
	6,192,217,830	+268,340,482
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	19,161,193,221	-27,723,283
Notes in Banking Department	8,806,779	-2,276,717
	19,170,000,000	-30,000,000
Assets		
Other Government securities	18,899,567,617	+1,302,313,983
Other Securities	270,432,383	-1,332,313,983
	19,170,000,000	-30,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	*Roxburghe Guarantee Corporation Ltd is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd.	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	*Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

● Members of London Investment Banking Association
* In administration

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

STOCK INDICES

[illegible]

[illegible]

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
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UK Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414167 00 352 250404230
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

	Selling Price	Yield Gr's	City-Line
A$ Accum	A$17.479	6.60	4897
A$ Dist	A$15.212	6.60	4898
ASch Accum	Sch239.71	3.50	47844
ASch Dist	Sch201.57	3.50	47845
BFr Accum	BFr541.07	4.70	4029
BFr Dist	BFr505.07	4.70	4040
C$ Accum	C$17.479	7.00	4041
C$ Dist	C$15.220	7.00	4050
DKr Accum	DKr108.54	6.00	4041
DKr Dist	DKr101.14	6.00	4042
DM Accum	DM36.883	3.80	4123
DM Dist	DM30.248	3.80	4125
DFl Accum	Dfl30.509	3.80	4024
DFl Dist	Dfl25.214	3.60	5021
ECU Accum	Ecu12.714	4.50	4128
ECU Dist	Ecu10.112	4.50	4130
FM Accum	FM105.70	3.90	4944
FM Dist	FM100.82	3.90	4945
FFr Accum	FFr53.225	5.90	4032
FFr Dist	FFr50.592	5.90	4315
HK$ Accum	HK$112.80	5.90	4131
HK$ Dist	HK$101.29	5.90	4133
I£ Accum	I£11.496	5.00	4493
I£ Dist	I£10.098	5.00	4495
Lire Accum	L20745	8.70	4136
Lire Dist	L15274	8.70	4137
NZ$ Accum	NZ$35.833	7.80	4144
NZ$ Dist	NZ$30.479	7.80	4145
NKr Accum	NKr106.47	4.00	4046
NKr Dist	NKr100.87	4.00	4047
Pes Accum	Es2906.2	9.20	4048
Pes Dist	Es2548.0	9.20	4049
S$ Accum	S$25.540	1.00	4050
S$ Dist	S$25.058	1.00	4051
SPta Accum	Pta7448.2	7.80	5024
SPta Dist	Pta1829.5	7.80	5025
£ Accum	£12.180	5.10	4148
£ Dist	£10.114	5.10	4145
SKr Accum	SKr110.13	7.70	4054
SKr Dist	SKr101.50	7.70	4055
SFr Accum	SFr28.917	2.30	4150
SFr Dist	SFr25.134	2.30	4574
US$ Accum	$22.010	5.00	4175
US$ Dist	$20.218	5.00	4176
Yen Accum	Y2684.6	0.80	4182
Yen Dist	Y2504.7	0.80	4781

Prices for dealing April 21

Jupiter Tyndall (Bermuda) Ltd
PO Box HM 1256, Hamilton, Bermuda 001 809 292 2760
Jupiter Tyndall World Umbrella Fund Ltd

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
GlobalSar Dollar Accum	5	$27.52	29.22	-	4986
GlobalSar Dollar Dist.	5	$26.01	27.61	2.85	4970
GlobalSar-£	5	£16.62	17.62	3.17	4551
(Accum Units)	5	£19.18	20.33	-	4485

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 256, St Peter Port, Guernsey 01481 710851

	Notes	Selling Price	Buying Price	Yield Gr's	City-Line
European Bd $	3	$11.8276	12.0338	7.59	4471
Accrue Stlg Equiv	3	£7.1912	7.4425	7.58	4787

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Emerging Mkts Listed Inv P'tes.	$11.67	12.09	-	49063

Apollo Investment Management Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Japan	£10.051	10.641	-	55577
Tiger	£9.373	9.9770	-	53497

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Managed Currency	$11.04	11.08	-	47941
International Bond	$11.06	11.10	-	47940

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Cash, Gilt & Stlg Fxd Int.	£17.93	17.38	-	45821
US Dollar Intl Bond & Ccy	$153.98	157.30	-	45807
Sterling Intl Bond & Ccy	£100.69	103.02	-	50728
Global Equity	£8.80	9.22	-	50130
Int'l Equity Index	$103.31	107.88	-	55578

Belinvest Management (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Belinvest – Israel Fd	$573.76		-	52174
Belinvest – Brazil Fd	$1004.27		-	52175
Belinvest – Multi Bond Fd	$941.32		-	52176
Belinvest – Global Fd of Fds	$775.39		-	52177
Belinvest – Superior Class	$900.03		-	52178

CIBC Fund Managers (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
PCF Sterling Bond ф	£10.81	11.00	-	44879
PCF US Dollar Bond ф	$15.43	16.69	-	44882
PCF Canadian Dollar Bond ф	C$21.58	21.95	-	49064
PCF Euro Bond ф	SFr18.15	18.51	-	44880
PCF Euro Equity ф	SFr18.24	18.84	-	44892
PCF Balanced ф	$15.61	15.95	-	53488
PCF Far East ф	$14.08	14.91	-	63490

Clariden Investment Management (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Clariden India Fund	$97.28		-	54958

Dantrust Management (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Dantrust Limited	Ecu19.29	19.30	-	44873

Global Portfolio Management (Guernsey) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Global Conv Bd Dec 29	$11.69	11.70	-	53501
Global Emerging Markets	$10.31	10.32		-

Guernsey Capital Management Limited

	Selling Price	Buying Price	Yield Gross	City-Line
GCM Intl Fix Inc Class	$1000.98	1001.74	-	55579
GCM Intl Eq Class Fd	$104.12	104.82	-	49065
GCM SA Inc Class	$983.44	983.70	-	55980
GCM US$ Special Class	$988.45	991.07	-	54980

Hambros Fund Managers (CI) Ltd

[illegible]

GT Asset Management (Ireland) Ltd
(44) 171 710 4567 London (852) 842 7200 Hong Kong

[illegible]

Emerging Dynamic Fund Plc

	Selling Price	Buying Price	Yield Gross	City-Line
NAV	$2.53		-	53546

F.I.T. Investment Trust Ltd (u)

	Selling Price	Buying Price	Yield Gross	City-Line
F.I.T. Czech Inv.	SFr63.91		-	54487
F.I.T. Delta Growth	$99.53		-	[illegible]
F.I.T. Eco Plus	SFr50		-	[illegible]

Framlington Investment Mngmt (Ireland) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Magnum	$10.39		-	55039

Frank Russell Investments (Ireland) Ltd (u)

	Selling Price	Buying Price	Yield Gross	City-Line
Japan Equity	Y10000.00		-	54440
Pacific Basin Equity	$100.00		-	54441
Emerging Markets Equity	$100.91		-	54442
Global Bond A	$110.39		-	55037

GNI Fund Management (Ireland) Plc

	Selling Price	Buying Price	Yield Gross	City-Line
Global Financials Fd Ltd	$10.12		-	55380

GT Asset Management (Ireland) Ltd

[illegible]

Global Resources Stock Fund

	Selling Price	Buying Price	Yield Gross	City-Line
NAV	$10.15		-	59043

City Financial Admin (IoM) Ltd

[illegible]

Duncan Lawrie Inv. Mgt. Ltd

	Selling Price	Buying Price	Yield Gross
DL Sterling	135.5	142.3	3.6
DL International	$7.24	1.30	2.2

ISI Managers (IoM) Ltd
ISI Global Funds

	Selling Price	Buying Price	Yield Gross
Intl Stlg Gwth	£24.80	25.90	-
Intl $US Gwth	$21.64	22.87	-
High Income Gilt	£31.29	32.49	-
International Equity	£25.05	28.37	-
International Bond	£27.66	28.56	-
Managed Currency	£31.12	31.44	-
Sterling Currency	£29.88	29.98	-
US$ Currency	$40.14	40.55	-
Irish £ Currency	I£17.84	18.02	-

For Quilter Intl Mngr see Isle of Man (SIB Recognised)

R & H Fund Managers Ltd

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

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FT MANAGED FUNDS SERVICE

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Credis Investment Funds - Contd.

Merrill Lynch Asset Management - Contd.

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd (z)

Capital International

Cathay Investment Fund Limited

Chameleon Funds Limited

Cheecor Indian Investment Company Ltd

The China Fund

Global Asset Management - Contd.

Malaysia Fund (Labuan)

Malaysia Growth Fund

Man International Futures

Rosenwald, Roditi & Co Ltd

Sabre Futures Fund

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Barings 8pc Cm 2nd Prf		50¼	—	8%	—	Jan Dec	14.11	1767
9¼pc Non-Cum Prf		4¾#	—	9¼%	—	Jan Jul	14.11	1421
Cater Allen	♣†□	476	0.5	28.3	1.8	Jan Jul	12.12	2081
Close Bros	♣†□	281xd	—	7.9	2.9	Apr Oct	19.3	2166
Gerrard & Nat	♣†□	423	1.4	24.0	1.3	Jul Dec	7.11	2986
Hambros	□	204	−1.9	15.0	1.1	Aug Dec	28.11	2812
7½pc Cv Pf		98	—	7½%	—	Oct Apr	20.2	4398
Joseph (L)	♣†	363	−.5	17.65	1.9	Sep Dec	5.12	3080
King & Shaxson	♣	69	—	9.0	1.1	Jan Jul	19.12	3086
Kleinwort Benson	♣v□	694xd	−1.8	21.6	2.8	May Oct	27.2	3182
Rea Bros	♣□	63xd	−3.8	1.0	Φ	May Oct	10.4	3785
Schroders	♣v□	1623xd	−.3	28.5	5.1	May Oct	27.3	3939
N/V	v	1495xd	−.3	28.5	5.1	May Oct	27.3	3941
Singer & Fried	♣□	82xd	1.4	3.5	Φ	Nov Jan	18.4	4028
Union	♣□	84xd	2.7	3.9	Φ	Apr Oct	13.3	4363
Warburg (SG)	♣□	743	−.4	22.0	2.4	Jul Dec	14.11	4425
Wintrust	♣†	205	—	10.8	1.5	Oct Mar	20.2	4584

BANKS, RETAIL

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl	□	228⅝	−1.9	Q64%	Φ	Sep May	6'93	—
ANZ A$		231	—	Q25c	2.4	Jan	12'93	—
Abbey National	g□	489xd	1.5	17.75	2.6	May Oct	13.3	5411
Allied Irish I£	♣□	289xd	−1.4	Q66%	3.1	Oct Apr	20.2	1354
Anglo Irish I£	□	59	3.9	Q17.8%	1.8	Jan Jul	28.11	1356
Asahi Y	□	773½	4.7	Q14%	1.3	Jan Dec	12'92	3049
Banco Bil Viz Pta	□	£16½	0.3	Q27.2%	2.7	JyOcJaAp	7'93	—
Banco Sant Pta		£22½	—	Q34.7%	Φ	Apr Oct	1.8	—
Bk Ireland I£	†□	332	—	Q14.7%	3.2	Jan Jul	21.11	1380
Bank Scotland	♣†□	219	−1.6	5.31	3.3	Jul Dec	17.10	1742
9¼pc Pf		117¼	−.2	9¼%	—	May Nov	17.10	1402
[illegible]								

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL
[illegible]

OTHER INVESTMENT TRUSTS
[illegible]

INVESTMENT COMPANIES
[illegible]

INVESTMENT COMPANIES - Cont.
[illegible]

LEISURE & HOTELS
[illegible]

LIFE ASSURANCE
[illegible]

MEDIA
[illegible]

OIL EXPLORATION & PRODUCTION
[illegible]

OIL EXPLORATION & PRODUCTION - Cont.
[illegible]

OIL, INTEGRATED
[illegible]

OTHER FINANCIAL
[illegible]

OTHER SERVICES & BUSINESSES
[illegible]

PAPER, PACKAGING & PRINTING
[illegible]

PHARMACEUTICALS
[illegible]

PROPERTY
[illegible]

RETAILERS, FOOD
[illegible]

RETAILERS, GENERAL
[illegible]

RETAILERS, GENERAL - Cont.
[illegible]

SPIRITS, WINES & CIDERS
[illegible]

SUPPORT SERVICES
[illegible]

TELECOMMUNICATIONS
[illegible]

TEXTILES & APPAREL
[illegible]

TOBACCO
[illegible]

TRANSPORT
[illegible]

TRANSPORT - Cont.
[illegible]

WATER
[illegible]

AMERICANS
[illegible]

CANADIANS
[illegible]

Toronto-Dom	[illegible]	−1.4	88c	JaApJyOc	13.3	1207	
Trans Can Pipe ♥	$1/8	−1.0	84c	JaApJyOc	12'93	–	

SOUTH AFRICANS

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Anglo Am Ind		£32½	----	Q450c	ϕ	Oct Apr	3'93	–
Barlow	⚘	£8⅛	2.0	Q59c	2.8	Jan Jul	12.12	–
Gold Flds Prop R		144xa	----	Q80c	ϕ	Feb Sep	1'94	–
NK Props		90	----	Q87.1c	–	Feb Sep	10'93	–
SASOL	♥	568	1.8	Q78c	–	Oct	9'93	–
SA Brews	†	£16½	0.7	Q153c	2.2	Jun Dec	27.11	–
Tiger Oats		862	1.4	Q85c	2.8	Jan Jul	12.12	–
Tongaat-Hulett	†h	743	----	Q80c	2.4	Jan	1'94	–

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is *indicated after the name.*

Dividend covers are based on "maximum" distribution; unless "v" is shown in the Notes field, indicating that the cover is calculated on a "net" basis. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
ϕ Figures or report awaited
♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
♣ Free annual/interim report available, see details below
⚘ *USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.*
‡‡ *Rule 4.2(a) Irish incorporated non-listed companies.*
‡ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a *Annualised dividend.*
b Figures based on prospectus or other official estimates.
c Cents.
g *Assumed dividend.*
ĝ Assumed dividend after scrip issue.
m Interim higher than previous total.
n Rights issue pending
q Earnings based on preliminary figures.
s *Dividend excludes a special payment.*
t Indicated dividend: cover relates to previous dividend.
u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.
v P/e ratio & net cover calculated under new ACT guidelines.
z Dividend includes a special payment: Cover does not apply to special payment.
F Dividend based on prospectus or other official estimates for 1994-95.
G Assumed dividend after pending scrip and/ or rights issue.
H Dividend based on *prospectus or other* official estimates for 1995-96.
K Dividend based on prospectus or other official estimates for 1994
L Estimated annualised dividend, cover based on latest annual earnings.
M Dividend based on prospectus or other official estimates for 1995-96.
Q Gross.
R Forecast annualised dividend, cover based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

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FT Share Service
The following changes have been made to the FT Share Information Service: Additions: Albright & Wilson (Chemicals), *Ericsson (Elec & Elec Eqpmt), Basis (Retailers* Gen), Expro Intl (Oil Expln).

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4 pm close April 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]										

- B -

[illegible]										

- C -

[illegible]										

- D -

[illegible]										

- E -

[illegible]										

- F -

[illegible]										

- G -

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4 pm close April 21

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	1995 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
10	8	SantaFeERs	0.18	1	7158	1965	9⅝	9⅜	9½	
15¼	9	SFeEd			29	1613	12⅞	12⅝	12¾	
37	33¾	SFePPipe	3.00	8.2	9	73	36¾	36½	35⅝	
24	17⅞	SanFeP	0.10	0.4	22	2289	23⅝	23⅜	23⅜	-⅛
28⅛	24⅜	SaraLee	0.68	2.4	57	5964	u28½	27½	28	+⅞
45⅞	41⅛	Scana Corp	2.86	6.7	13	282	43	42⅝	43	+¼
16¾	14½	Scecrp	1.00	6.2	10	4803	16⅜	16	16	
11⅛	8	SchwkA	0.26	3.1	13	15	8⅜	8⅛	8⅜	-⅛
50¾	42⅜	SchererRP			29	1356	46⅝	45¾	46¾	-⅝
79¾	71	SchrPl	2.32	3.0	16	5448	u79¾	77½	77¾	-½
63⅝	56⅜	Schlmb	1.50	2.4	28	16289	u64	62½	63½	
46⅞	29⅞	Schwab(C)	0.24	0.8	20	1439	32	31⅝	31⅞	-¼
11⅛	7¾	Schweitzer			5	41	10¾	10½	10½	-⅛
24⅞	17½	SciAtl	0.06	0.3	28	859	22⅝	22⅜	22½	+⅛
18⅞	16⅞	Scopeman	0.10	0.5	12	362	u19⅛	18¾	19	+¼
91⅛	67⅛	ScottP	0.40	0.5	20	2650	88½	85¾	88⅛	+1⅝
32¾	26⅝	Scripps	0.44	1.5	17	1168	30⅝	29⅞	29⅞	-¼
21½	14⅞	ScudderNAeF	0.02	0.1		101	15⅞	15¾	15¾	-⅛
9¾	8⅝	ScudderNEcF	0.16	1.7		494	u9⅜	9⅛	9⅜	+¼
16½	13⅞	SeaCnB	0.70	4.4	10	11	16⅛	16⅛	16	-⅛
16	14⅝	SeaC1.4625	1.46	9.7		21	15	15	15	-⅛
30⅛	23⅝	Sygate			8	7229	29½	28⅞	29	+½
32⅞	25⅝	Seagrm	0.60	2.3	12	4248	26⅞	26⅜	26½	-⅛
20	16¼	Seagull En			194	836	17⅝	17¼	17½	+⅛
45½	35⅞	Sealed Air			21	214	40⅞	40¼	40½	-¼
54⅛	44⅛	SearsR	1.60	3.0	17	16903	54	53	53⅞	+⅞
18½	16⅜	SecCapSBI	1.15	6.8	25	436	17⅛	17	17	
12¾	10⅝	Seligm SelLx	0.84	7.0		108	12	11⅞	12	
35⅞	27½	Sensormat	0.22	0.8	21	5946	28¼	d27¼	27½	-⅝
31⅞	21⅞	SequA	0.60	2.1	9	6	28⅜	28¼	28⅜	+⅛

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

‡ Dealings suspended.

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4 pm close April 21

AMEX COMPOSITE PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng

4 pm close April 21

NASDAQ NATIONAL MARKET

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng

FT GUIDE TO THE WEEK

MONDAY 24

Malaysians vote

The National Front coalition led by prime minister Mahathir Mohamad (left) looks certain to win today's general election in Malaysia. The feelgood factor is in Dr Mahathir's favour: the economy has grown by more than 8 per cent in each of the last seven years. However, while the National Front is likely to retain its two-thirds parliamentary majority, it will probably lose in the strongly Moslem state of Kelantan and voting could be close in the economically dynamic Penang state.

Fishing for an agreement

Emma Bonino, the European commissioner responsible for fish, travels to Rabat to begin negotiations on a new fish agreement between the European Union and Morocco. Talks are expected to be tricky as Morocco, which has invested heavily in its fleet, has adopted a position that goes way beyond what the Commission considers to be acceptable.

Talking heads

An international congress on telecommunications opens in Berlin. It is likely to generate much interest since it coincides with plans by Germany's state-owned telecommunications network to open the sector to competition.

Non-Aligned meeting

Indonesia, outgoing chair of the Non-Aligned Movement, hosts NAM ministerial meeting in the Javanese town of Bandung, ahead of a summit in Colombia. Items for discussion include extension of the nuclear Non-Proliferation Treaty and NAM member presence on the United Nations Security Council. Boutros Boutros-Ghali, UN secretary-general, will attend.

Malawi trial

Trial due to open in Blantyre, Malawi, of former president-for-life Kamuzu Banda, who is in his 90s, and aides for the alleged murder of four political rivals 12 years ago.

Holidays

Canada (St George's Day), Egypt, Easter Monday is observed in some countries.

TUESDAY 25

Mexico high on G7 agenda

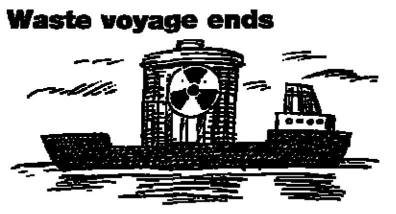
By rights, the recent sharp rise of the Japanese yen and D-Mark against the dollar ought to top the agenda of this afternoon's meeting in Washington of finance ministers and central bank governors from the Group of Seven leading industrialised nations. But because there appears to be no consensus among the G7 on what to do about recent currency movements, the representatives of the US, Japan, Germany, France, Italy, Britain and Canada are likely to spend much of their time on the lessons of the Mexican financial crisis.

Vietnamese officers during rehearsals near Ho Chi Minh City for anniversary celebrations to mark the end of the Vietnam war

Crisis control in Sweden

Sweden's Social Democratic government will make a fresh attempt to deal with the crisis in the country's finances today when its presents a supplementary Budget. The measures will compensate for a cut in VAT on food while helping to fund European Union membership, interest payments on state debt and feature a programme to stimulate employment.

Waste voyage ends



Pacific Pintail, the British-registered vessel carrying high-level nuclear waste from France, to arrive at the port of Mutsu Ogawara, in northern Japan. The ship left Cherbourg, northern France, on February 23 with the waste, a by-product of reprocessed Japanese plutonium. Its voyage has provoked an outcry from environmental groups and governments whose territorial waters are on the route.

Foreign policy dominates

Europe's common foreign and security policy will dominate proceedings at the European parliament's plenary session, which starts in Brussels. Human rights and combatting drug abuse also on the agenda. Abel Matutes, the Spanish MEP and former European commissioner, will present a report on progress achieved in the sphere of common foreign policy.

New coin for Britain

The Royal Mint in Britain to launch its second £2 commemorative coin, this time to mark the 50th anniversary of the UN. A collectors' version goes on immediate sale, but the general public will have to wait until August for the standard issue. The first coin commemorates the 50th anniversary of VE Day.

FT Surveys

Pharmaceuticals, Vehicle Fleet Management (UK only).

Holidays

Australia, New Zealand (Anzac Day); Portugal, Italy, Egypt.

WEDNESDAY 26

IMF-World Bank talks

The spring meetings of the International Monetary Fund and World Bank get under way in Washington with an all-day session of the IMF's policy-making interim committee. Ways of improving the IMF's effectiveness after its less than impressive performance in the Mexican crisis will be discussed.

The IMF-World Bank development committee meets tomorrow and is likely to consider the problems of heavily indebted developing nations.

Directors' convention

More than 2,000 boardroom bosses will gather at the Royal Albert Hall in London for the one-day, annual convention of the Institute of Directors. This year, with UK exports running at record levels, the issue up for debate is "winning in the global market". Speakers will include Michael Heseltine, UK trade and industry secretary.

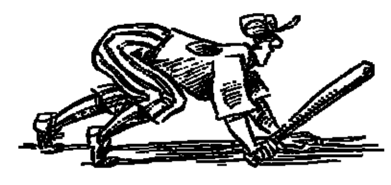
Cultural diversity gathering

A three-day Global Cultural Diversity conference begins in Sydney, with Boutros Boutros-Ghali, the UN secretary-general, giving the keynote address. Thabo Mbeki, South Africa's executive deputy president, will also attend. Paul Keating, the prime minister, to open the conference.

Bergen-Belsen liberation

Chancellor Helmut Kohl will attend the 50th anniversary ceremonies of the liberation of Bergen-Belsen concentration camp by the British. This is the main ceremony by Germany's Jewish community to mark the liberation of concentration camps.

Baseball season starts



After a 7½-month strike, the 1995 major league baseball season opens in the US and Canada – three weeks late.

FT Survey

Barbados.

THURSDAY 27

Mandela address

South Africa celebrates the first anniversary of its first democratic elections. President Nelson Mandela will address the nation from the Union Buildings in Pretoria to mark the occasion, which has been declared a new public holiday, to be called Freedom Day.

Decision time for nurses

The UK Royal College of Nursing will decide whether to ballot 300,000 members with a recommendation to scrap its policy of not taking industrial action. Nurses are angry over the government's 1 per cent pay offer, which is coupled with a locally negotiated amount of up to a further 2 per cent. The RCN council believes its rule 12, which bans strikes, is unsuitable because it prevents local action, such as non-co-operation by nurses.

FT Surveys

Pension Fund Investment, FT Guide to Motor Sport.

Holidays

Israel.

FRIDAY 28

Anglo-Irish talks

The Anglo-Irish intergovernmental conference meets today for the first time since the signing in February of the joint Framework Document on Northern Ireland. Sir Patrick Mayhew, the Northern Ireland secretary, and Irish foreign minister Dick Spring will review progress on the peace process amid growing concern in Dublin at London's refusal to invite Sinn Féin to full ministerial talks.

Also, the British Irish inter-parliamentary group will attend Dublin's Forum for Peace and Reconciliation today for the first time.

FT Survey

Quarterly Review of Personal Finance (UK only).

SATURDAY 29

Vote on Labour's Clause 4

British Labour party members decide at a special conference in London whether to ditch Clause 4 of the party's constitution. Victory is almost certain for Tony Blair, party leader, who called for the change to the once-hallowed paragraph, which was drawn up in 1918. The new version embraces "the enterprise of the market and the rigour of competition".

Kazakhstan referendum

A referendum to be held in Kazakhstan on extending the tenure of Nursultan Nazarbayev as president to the year 2000. The giant republic has attracted hundreds of millions of dollars in foreign investment in its oil and gas supplies, and is being closely watched by western economists.

Union fights for survival

The leadership of Spain's General Workers' Union, one of the country's two main trade union bodies, fights for its survival at an extraordinary congress in Madrid, just a year after the election of the moderate Cándido Méndez as secretary-general. The congress was called when Mr Méndez failed to unseat three dissident members of the union's federal committee.

Crime prevention

Interior and justice ministers from more than 180 countries in Cairo for the ninth United Nations Congress on the Prevention of Crime and Treatment of Offenders. The 10-day conference will deal with cross-border criminal networks, money laundering, corruption, violence against women and children, as well as waste dumping.

FT Survey

Quarterly Review Personal Finance (UK only).

Holidays

Japan.

SUNDAY 30

Bosnia ceasefire ends

A four-month ceasefire is due to expire in Bosnia barring a last-minute change of heart by the rival parties. The Moslem-led Bosnian government and the Bosnian Serbs said they had decided not to renew it, in spite of pleas from the UN.

Chair cleared at WTO

Peter Sutherland steps down as director-general of the World Trade Organisation after having extended his leadership. Renato Ruggiero, former Italian trade minister and diplomat, will take over the post for a single four-year term.

Subic Bay inauguration

The US delivery company, Federal Express, is to inaugurate the opening of Subic Bay International Airport in the Philippines with its first flight to the freeport. Until 1992 Subic Bay was the Asian base of the US navy. Federal Express is moving its Asian hub from Anchorage, Alaska, to Subic Bay.

Return to Saigon

Dignitaries gather in Ho Chi Minh City for the 20th anniversary of the end of the Vietnam war, when communist forces captured the presidential palace in the former Saigon, defeating US-backed South Vietnamese forces.

San Marino Grand Prix

Motor racing's San Marino Grand Prix at Imola. The circuit has been remodelled afterlast year's fatal crashes in which Ayrton Senna and Roland Ratzenberger died.

Compiled by Shelley Wood.
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ECONOMIC DIARY

Other economic news

Tuesday: Preliminary figures for UK first quarter gross domestic product and the latest quarterly industrial trends survey from the Confederation of British Industry are expected to confirm recent signs of a slowdown in Britain's economic recovery. The Treasury and Bank of England will scrutinise the CBI findings on capacity utilisation and companies' pricing plans for signs of any change in domestic inflationary pressures.

In the US, the April consumer confidence index from the Conference Board is expected to add to recent signs of an economic "soft landing".

Friday: Advance US GDP figures for the first quarter should confirm other signs of slowdown with the MMS consensus of analysts forecasts suggesting growth at a 2.9 per cent annualised rate after the unsustainable 5.1 per cent of last year's fourth quarter.

During the week: In Germany, the April regional and federal cost of living figures should show a further fall in year-on-year inflation to 2.2 per cent. The widely watched IFO business confidence indicator will probably be hit by the D-Mark's recent strength.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Mar M4*	0.5%	0.6%
April 24	UK	Mar M4**	4.5%	4.6%
	UK	Mar M4 lending	£4bn	£3.7bn
	UK	Mar bdg scty net new commitments	£3.3bn	£2.7bn
	Canada	Feb retail sales*†	0.3%	0.8%
Tues	US	Mar existing home sales	-	3.43m
April 25	US	Apr consumer confidence	100	101
	US	Johnson Redbook w/e Apr 22	-	0.3%
	Japan	Feb coincident indx	60%	70%
	Japan	Feb leading diffusion indx	55%	70%
	France	Feb trade balance†	FFr8bn	FFr9.4bn
	UK	1st qtr gross domestic product**	3.7%	4.2%
	UK	1st qtr gross domestic product***	0.6%	0.8%
	UK	Mar trade balance, ex-EC	-£395m	-£343m
Wed	US	Mar durable orders	-0.4%	-0.8%
April 26	US	Mar durable shipments	-	0.3%
	France	4th qtr gross dom prod, final***	0.6%	0.6%
	Spain	Apr industrial production**	9.6%	13.9%
	Canada	Mar industrial production*	0.4%	0.2%
	Canada	Mar raw materials price indx	0.5%	0.8%
Thur	Japan	Mar retail sales**	-0.6%	-1.4%
April 27	Japan	Mar industrial production†	2.3%	2.3%
	Japan	Mar shipments†	-	3%
	France	Mar household consumption*†	0.4%	2%
	Aus'lia	1st qtr consumer price indx	1.5%	0.8%
Fri	US	Apr Chicago Asn purch managers†	-	55%
April 28	US	Apr Michigan sentiment final	-	93.8
	US	Mar export price indx	-	0.6%
	US	Mar import price indx	-	0.6%
	US	Apr agriculture prices	-	0.0%
	US	1st qtr gross domestic prod adv	2.9%	5.1%
	US	1st qtr gross dom prod deflator adv	2.8%	1.3%
	Japan	Mar unemployment rate	2.9%	2.9%
	Japan	Mar job offers/seekers ratio	0.67	0.66
	Japan	Mar cons price indx, nation**	-0.3%	0.2%
	Japan	Ditto, ex-perishables**	0.2%	0.2%
	Japan	Mar housing starts**	3.6%	1.8%
	Japan	Mar construction starts**	-	0.8%
During the week...				
	Germany	Mar Ifo business climate	-	103.6%
	Germany	Jan industrial production*	-	2%
	Germany	Jan manufacturing output*	-	1.7%
	Germany	Apr prelim cost of living*	0.2%	0.2%
	Germany	Apr prelim cost of living**	2.2%	2.4%
	Germany	Jan manufacturing orders*	-	2.7%
	Germany	Mar import prices*	-0.3%	-0.1%
	Germany	Feb trade balance	DM7.5bn	DM8.8bn
	Germany	Feb current a/c	-DM2bn	-DM0.6bn
	Italy	Mar M2 3-m average	0.5%	0.6%

*month on month, **year on year, ***qtr on qtr, †seas adj *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD

No.8,743 Set by VIXEN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday May 4, marked Monday Crossword 8,743 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 8. Please allow 21 days for delivery of prizes.

Name...

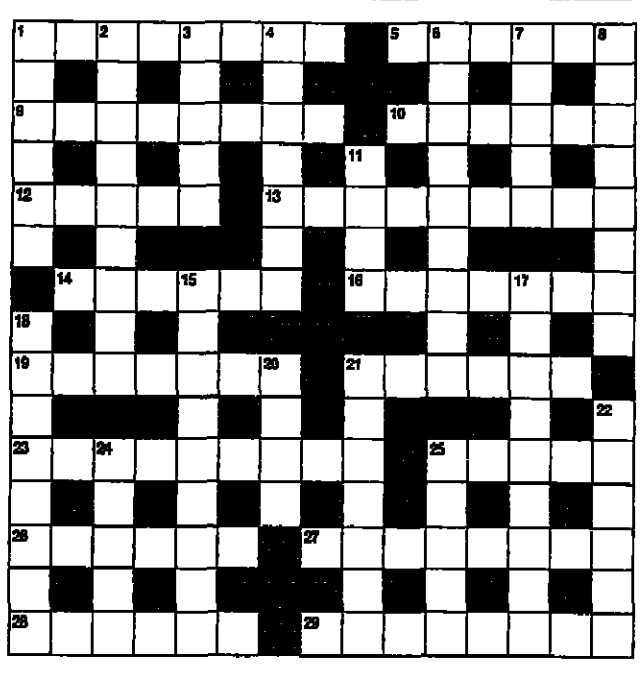
Address...

ACROSS

1 Burning with love for a flighty creature (8)
5 22 will keep the City in check (6)
9 Scale for playing in the open air (8)
10 A replacement makes the adjudicator sick! (6)
12 Hide discomfort connected with cold (5)
13 Coaches among others show a certain circumspection (9)
14 There are many vehicles offering sleeping accommodation (6)
16 Division gets men agitated (7)
19 Can change course – that's the point to drive home (3-4)
21 The medico turned it on, seeing some movement (6)
23 A great fondness for sales-pitch rhetoric (9)
25 Belgian university subject (5)
26 Favoured portly round figure – really! (2,4)
27 Succeed with the underworld set (8)
28 A delightful area of fish study (6)
29 Profit from it – resent irregularity (8)

DOWN

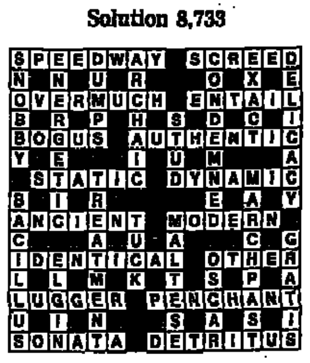
1 A failure if backing for the company is sought (6)
2 Making off at nice tender feelings being shown (9)
3 A woman not all admire nevertheless (5)
4 Top man with cunning schemes to provide transport for children (2-5)
6 Regard beaming as a bloomer (9)
7 The defence in a different situation (5)
8 Youngsters going after soft drink and old-fashioned clothing (8)
11 River claims two lives (4)
15 Chilling downfall – totally unexpected (9)
17 No longer an individual to esteem, that's clear (9)
18 Lost radiance when in some pain (8)
20 Unite and tackle about one quarter (4)
21 A house on mains supply (7)
22 5 yielding absolutely nothing (6)
24 To hold out is just not on with the queen (5)
25 Pleas to arrange for a break (5)

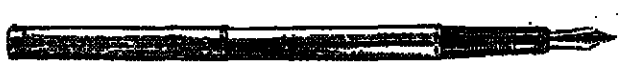


Winners 8,733

Barbara Herold, Sedlescombe, East Sussex
Mrs M. Beyzade, Erith, Kent
J.R. Kerr, London NW8
Mrs G. Simmonds, London W13
J. Styles, London SE6
J.P. Weir, London W5

Solution 8,733





JOTTER PAD